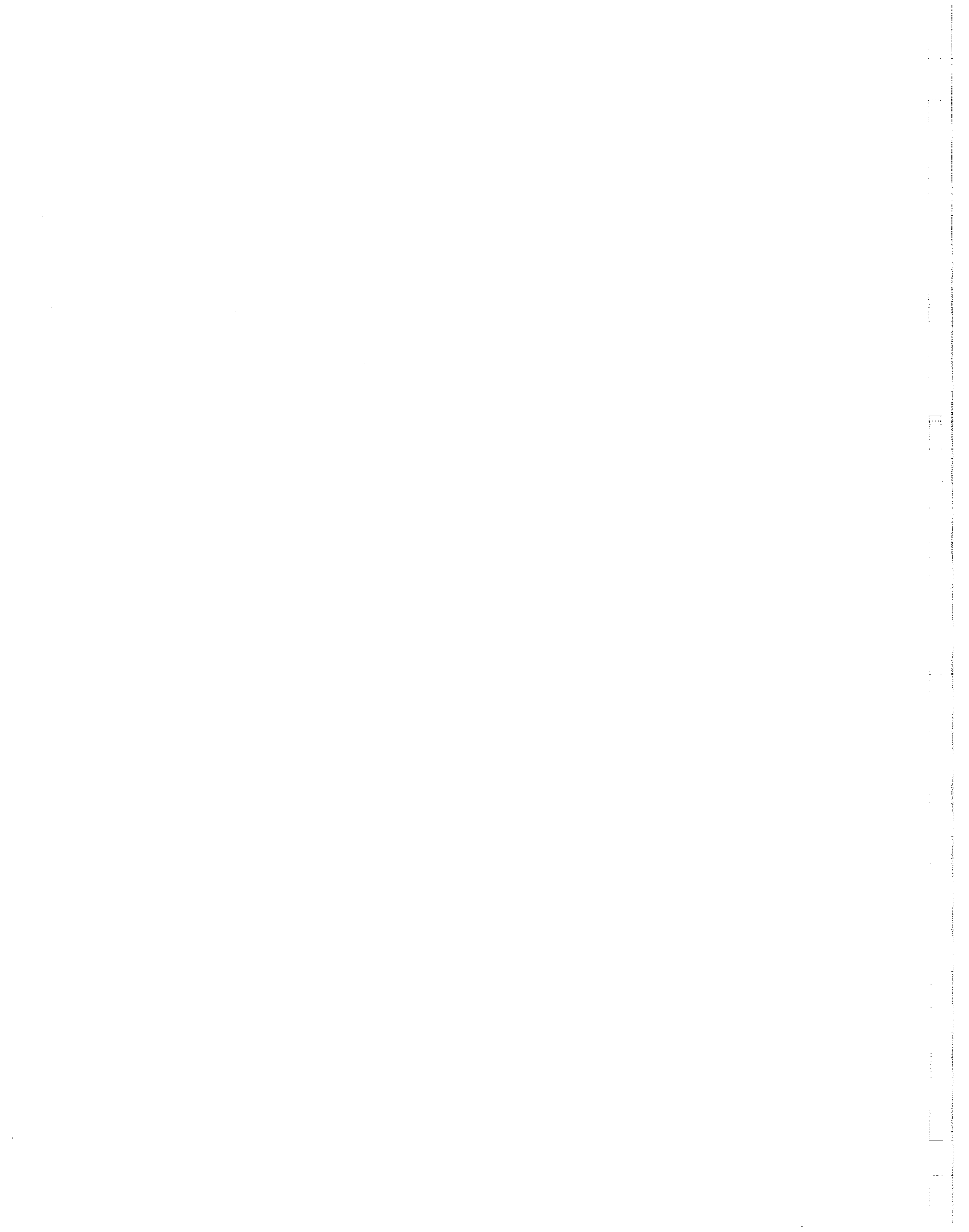


BREMER COUNTY, IOWA  
INDEPENDENT AUDITOR'S REPORTS  
BASIC FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF FINDINGS

JUNE 30, 2006



BREMER COUNTY, IOWA

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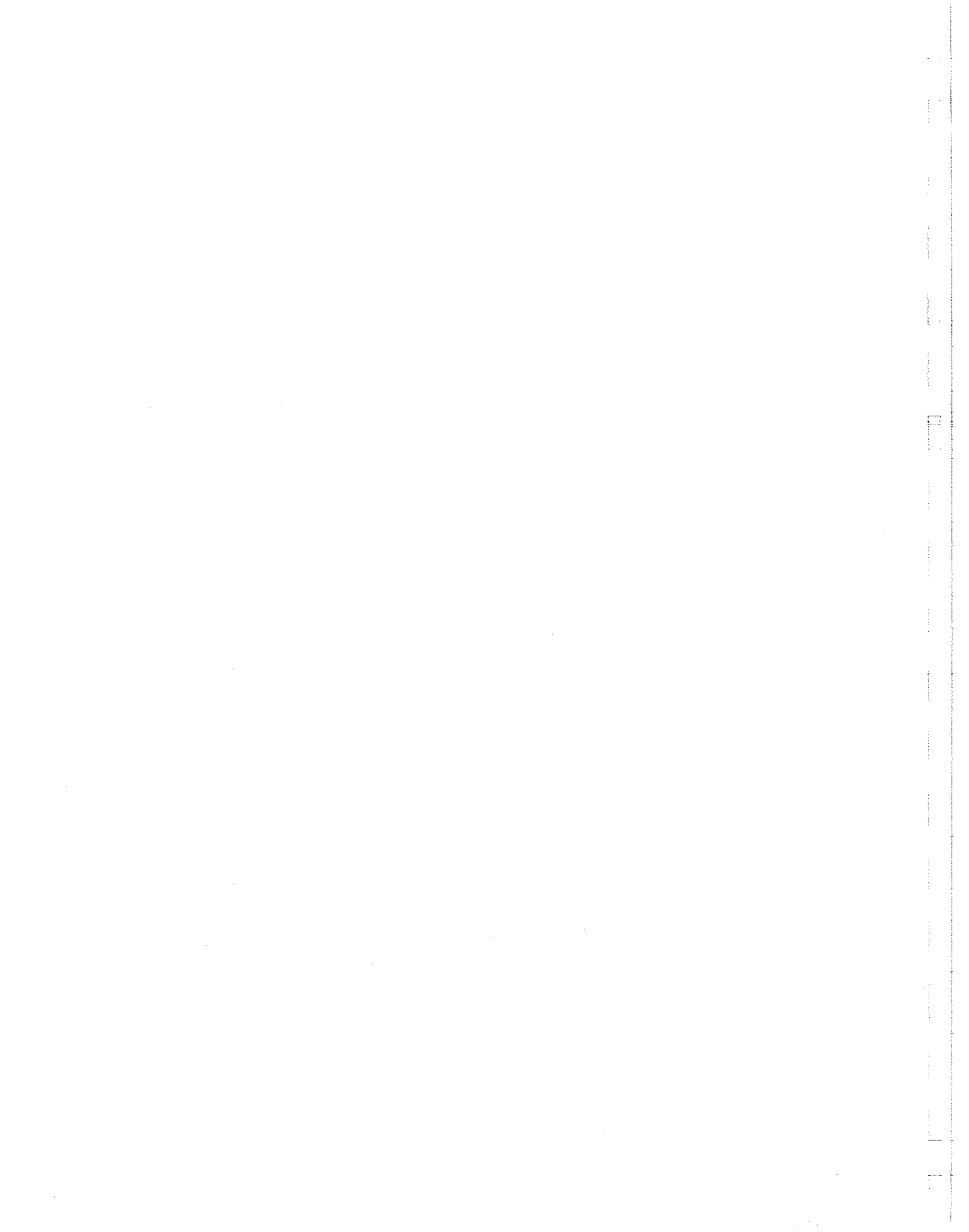
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BREMER COUNTY, IOWA

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Steven Reuter	Board of Supervisors	January 2009
Ken Kammeyer	Board of Supervisors	January 2009
Gaylord Hinderaker	Board of Supervisors	January 2007
Lynn Brase	County Auditor	January 2009
Sharon Abram	County Treasurer	January 2007
Donna Ellison	County Recorder	January 2007
Duane Hildebrandt	County Sheriff	January 2009
Kasey Wadding	County Attorney	January 2007
Jean Keller	County Assessor	Appointed
Cathy Tholkes	County Finance and Management	Appointed





ANDERSON, LARKIN & CO. P.C.  
Certified Public Accountants  
*"Achieving your goals with our knowledge"*

Kenneth E. Crosser, CPA  
April D. Hammack, CPA  
Michael J. Podliska, CPA

David W. Goodman, CPA (Former Principal)  
Robert E. Wells, CPA (Retired)

C. Kenneth Anderson, CPA (1952-1977)  
Joseph C. Larkin, CPA (1960-1990)

## INDEPENDENT AUDITOR'S REPORT

To the Officials of Bremer County, Iowa:

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Bremer County, Iowa, as of and for the year ended June 30, 2006, which collectively comprise the County's basic financial statements listed in the table of contents. These financial statements are the responsibility of Bremer County, Iowa's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Bremer County, Iowa at June 30, 2006, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated September 15, 2006 on our consideration of Bremer County, Iowa's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis and budgetary comparison information on pages 3 through 7 and 34 through 36 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Bremer County, Iowa's basic financial statements. The financial statements for the three years ended June 30, 2005 (which are not presented herein) were audited by other auditors. The other auditors expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 5, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

ANDERSON, LARKIN & CO. P.C.

Ottumwa, Iowa  
September 15, 2006





## MANAGEMENT'S DISCUSSION AND ANALYSIS

Bremer County, Iowa provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2006. We encourage readers to consider this information in conjunction with the County's financial statements, which follow

### 2006 FINANCIAL HIGHLIGHTS

- ◆ County governmental activities revenue decreased 16.6%, or \$2,433,537 from 2005 to 2006.
- ◆ Program expenses of the County's governmental activities were 5.1%, or \$685,678, less in 2006 than in 2005.
- ◆ The County's governmental activities net assets decreased 2.7%, or \$643,310, during the year ended June 30, 2006.

### USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the County's financial activities.

The Government-wide Financial Statements consist of a Statement of Net Assets and a Statement of Activities. These provide information about the activities of Bremer County, Iowa as a whole and present an overall view of the County's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report Bremer County, Iowa's operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which Bremer County, Iowa acts solely as an agent or custodian for the benefit of those outside of County government (Agency Funds).

Notes to Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the County's budget for the year.

Other Supplementary Information provides detailed information about the nonmajor Governmental Funds and the individual Agency Funds.

### REPORTING THE COUNTY'S FINANCIAL ACTIVITIES

#### Government-wide Financial Statements

One of the most important questions asked about the County's finances is, "Is the County as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information which helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting and the economic resources measurement focus, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account, regardless of when cash is received or paid.

The Statement of Net Assets presents all of the County's assets and liabilities, with the difference between the two reported as "net assets". Over time, increases or decreases in the County's net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.



The Statement of Activities presents information showing how the County's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will not result in cash flows until future fiscal periods.

The County's governmental activities are presented in the Statement of Net Assets and the Statement of Activities. Governmental activities include public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, interest on long-term debt and non-program activities. Property tax and state and federal grants finance most of these activities.

### Fund Financial Statements

The County has three kinds of funds:

1. Governmental funds account for most of the County's basic services. These focus on how money flows into and out of those funds, and the balances left at year-end that are available for spending. The governmental funds include: 1) the General Fund, 2) the Special Revenue Funds, such as Mental Health, Rural Services, and Secondary Roads, 3) the Debt Service Fund, and 4) the Capital Projects Fund. These funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund financial statements provide a detailed, short-term view of the County's general governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs.

The required financial statements for governmental funds include a balance sheet and a statement of revenues, expenditures and changes in fund balances.

2. Proprietary funds are used to account for the County's Internal Service, employee group health insurance Fund. Internal Service Funds are an accounting device used to accumulate and allocate costs internally among the County's various functions.

In addition, proprietary funds account for the County's Enterprise Fund, Community Based and Case Management Services. This fund reports services for which the County charges customers for the services it provides. Enterprise Funds are reported in the same way all activities are reported in the Statement of Net Assets and the Statement of Activities. The major difference between the proprietary funds and the business type activities included in the government-wide statements is the detail and additional information, such as cash flows, provided in the proprietary fund financial statements. The County is responsible for ensuring the assets reported in this fund are used only for their intended purposes and by those to whom the assets belong.

The required financial statements for proprietary funds include a statement of net assets, a statement of revenues, expenses and changes in fund net assets and a statement of cash flows.

3. Fiduciary funds are used to report assets held in a trust or agency capacity for others which cannot be used to support the County's own programs. These fiduciary funds include Agency Funds that account for drainage districts, emergency management services, and the County Assessor, to name a few.

The required financial statement for fiduciary funds is a statement of fiduciary assets and liabilities.

Reconciliations between the government-wide financial statements and the fund financial statements follow the fund financial statements.

### GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of financial position. The analysis that follows focuses on the changes in net assets for governmental activities.



### Net Assets of Governmental Activities

	2006	2005
Current and other assets	\$ 15,645,854	\$ 15,879,462
Capital assets	<u>22,066,023</u>	<u>21,790,158</u>
Total assets	<u>37,711,877</u>	<u>37,669,620</u>
Long-term debt outstanding	7,788,098	7,792,429
Other liabilities	<u>6,948,284</u>	<u>6,258,386</u>
Total liabilities	<u>14,736,382</u>	<u>14,050,815</u>
Net assets:		
Invested in capital assets, net of related debt	15,756,099	17,932,048
Restricted	3,743,091	2,457,928
Unrestricted	<u>3,476,305</u>	<u>3,228,829</u>
Total net assets	\$ <u>22,975,495</u>	\$ <u>23,618,805</u>

Net assets of the County's governmental activities decreased by 2.7% (\$22,975,495 compared to \$23,618,805. The largest portion of the County's net assets is the investment in capital assets (e.g., land, infrastructure, buildings, and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with sources other than capital assets. Restricted net assets represent resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. Unrestricted net assets – the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – increased from \$3,228,829 at June 30, 2005 to \$3,476,305 at June 30, 2006, an increase of 7.7%.

### Changes in Net Assets of Governmental Activities

	2006	2005
Revenues:		
Program revenues:		
Charges for service	\$ 1,402,427	\$ 1,849,573
Operating grants, contributions and restricted interest	3,418,699	3,258,567
Capital grants, contributions and restricted interest	20,348	1,812,925
General revenues:		
Property and other County tax	6,316,018	6,058,716
Unrestricted investment earnings	340,477	209,324
Other general revenues	<u>713,839</u>	<u>1,456,240</u>
Total revenues	<u>12,211,808</u>	<u>14,645,345</u>
Program expenses:		
Public safety and legal services	2,350,794	2,062,333
Physical health and social services	509,210	462,168
Mental health	1,563,561	1,426,638
County environment and education	1,740,850	3,275,934
Roads and transportation	4,349,446	4,232,164
Governmental services to residents	381,453	472,236
Administration	1,712,704	1,340,447
Non-program	-	3,991
Interest on long-term debt	<u>247,100</u>	<u>264,885</u>
Total expenses	<u>12,855,118</u>	<u>13,540,796</u>
Change in net assets	(643,310)	1,104,549
Net assets – Beginning of year	<u>23,618,805</u>	<u>22,514,256</u>
Net assets – End of year	\$ <u>22,975,495</u>	\$ <u>23,618,805</u>

The results of governmental activities for the year resulted in Bremer County, Iowa's net assets decreasing by \$643,310. Revenues for governmental activities decreased by \$2,433,537 from the prior year. This decrease was due primarily to a substantial decrease in capital grants received for roads during the current year in comparison to the prior year.

The cost of all governmental activities this year was \$12,855,118 compared to \$13,540,796 last year. However, as shown in the Statement of Activities, the amount that our taxpayers ultimately financed for these activities through County taxes was \$6,316,018 because some of the cost was paid by those directly benefited from the programs (\$1,402,427) or by other governments and organizations that subsidized certain programs with grants and contributions (\$3,439,047).



## Business Type Activities

The enterprise fund is used to account for the operation of mental health facilities for Bremer County, Iowa residents through the rental and use of County owned homes, apartment buildings, and the support of various user charges. During the fiscal year ended June 30, 2006, net assets were reduced by \$24,033. Revenues increased 5.8% primarily in intergovernmental charges for services. Expenses were 1.6% more than the prior year, mainly because of increases in salaries and benefits.

## INDIVIDUAL MAJOR FUND ANALYSIS

As the County completed the year, its governmental funds reported a combined fund balance of \$8,726,870, which is a decrease of \$866,755 from last year's total of \$9,593,625.

- General Fund revenues and expenditures increased by 32.1% and 24.1% respectively when compared to the prior year. The ending fund balance showed an increase from the prior year of \$179,924 from \$1,496,710 to \$1,676,634
- The County has continued to look for ways to effectively manage the cost of mental health services. For the year, expenditures totaled \$1,567,486, an increase of 10.7% from the prior year. The Mental Health Fund balance at year end decreased by \$224,659 from the prior year.
- Rural Services Fund revenues increased 4.4% while expenditures increased 95.6%. The Rural Services Fund balance increased by \$11,409 from the prior year.
- Solid Waste Management Fund revenues and expenses decreased by 9.7% and 30.4%, respectively. The Solid Waste Management Fund balance increased by \$219,790 from the prior year
- Secondary Roads Fund expenditures increased by \$105,916 from the prior year. There was a decrease in the Secondary Roads Fund ending balance of \$329,588, or 39.0%, due to the expenditure of prior year fund balance accumulations for road projects.
- The Solid Waste Closure Fund balance increased \$11,845 from the prior year to \$1,757,565.

## BUDGETARY HIGHLIGHTS

Over the course of the year, Bremer County, Iowa amended its budget twice. The amendments were made on August 29, 2005 and April 10, 2006 and resulted in an increase in budgeted disbursements in certain County departments. Even with these amendments, the County exceeded the amounts budgeted in the Debt Services function for the year ended June 30, 2006.

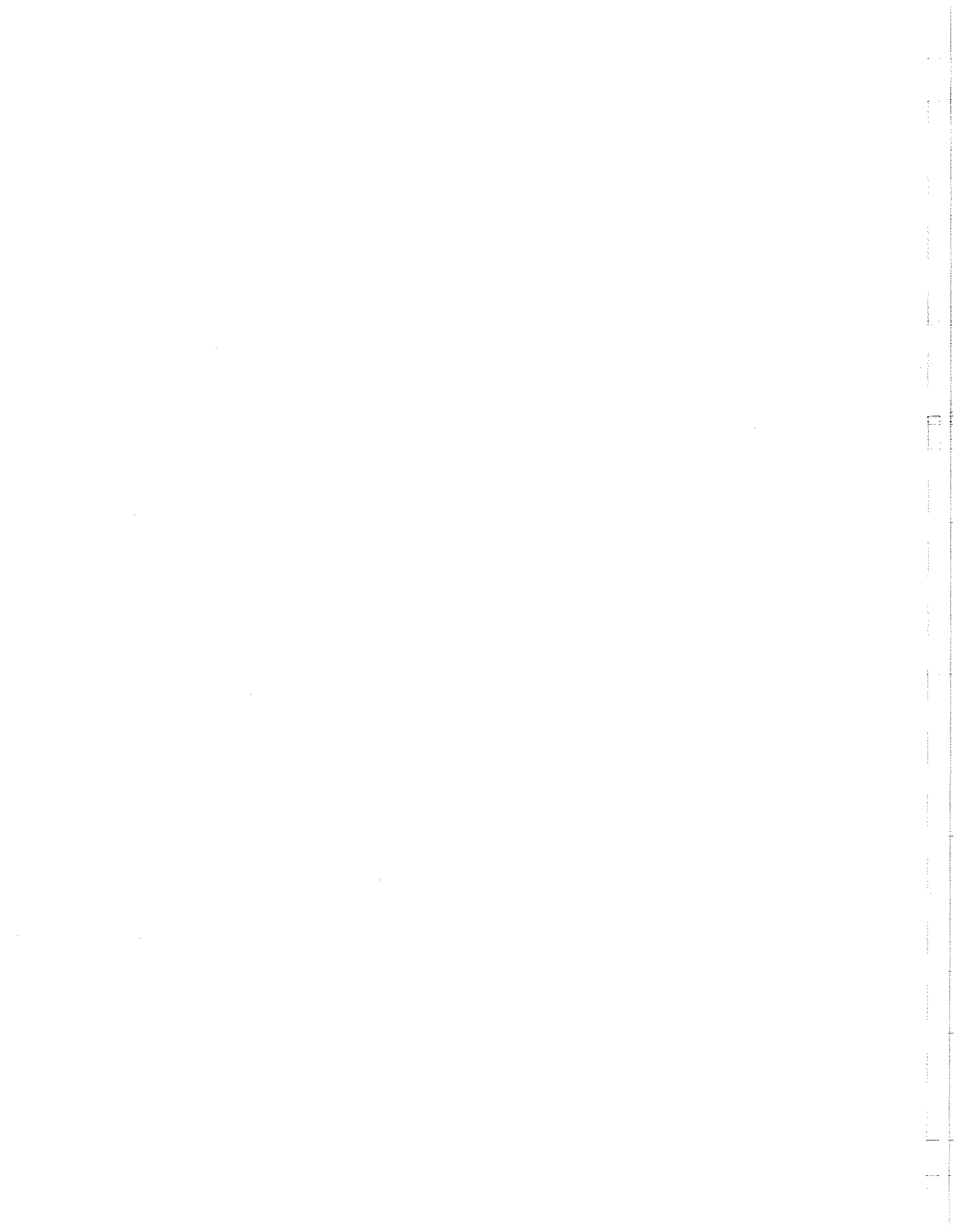
## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

At June 30, 2006, Bremer County, Iowa had \$22,066,023 invested in a broad range of capital assets, including public safety equipment, buildings, park facilities, and roads and bridges. This net increase (including additions, deletions and depreciation) of \$275,865 or 1.3% over last year. The majority of this increase was due to infrastructure additions.

### Capital Assets of Governmental Activities at Year End

	<u>2006</u>	<u>2005</u>
Land	\$ 1,153,396	\$ 1,153,396
Buildings and improvements (net)	6,980,814	6,633,735
Machinery and equipment (net)	1,713,132	1,827,604
Infrastructure (net)	<u>12,218,681</u>	<u>12,175,423</u>
Totals	\$ <u>22,066,023</u>	\$ <u>21,790,158</u>
The year's major additions included:		
Land	\$ -	\$ 183,000
Roads and bridges	881,802	1,733,755
Machinery and equipment	293,710	274,373
Law Enforcement Center project	329,020	2,566,472
County Sheriff vehicles	<u>48,312</u>	<u>63,863</u>
	\$ <u>1,552,844</u>	\$ <u>4,821,463</u>





The County had depreciation expense of \$1,273,195 for the year ended June 30, 2006 and total accumulated depreciation as of June 30, 2006 of \$14,645,099

#### Long-term Debt

At June 30, 2006, Bremer County had \$7,788,098 in bonds and other debt outstanding compared to \$7,792,429 at June 30, 2005, as shown below.

#### **Outstanding Debt of Governmental Activities at Year-End**

	<u>2006</u>	<u>2005</u>
General obligation notes and bonds	\$ 6,105,000	\$ 6,570,000
Closure and post closure cost estimate	1,288,960	841,806
Compensated absences	393,153	377,611
Sick leave conversion	985	3,012
Totals	\$ <u>7,788,098</u>	\$ <u>7,792,429</u>

The Constitution of the State of Iowa limits the amount of general obligation debt that counties can issue to 5% of the assessed value of all taxable property within the County's corporate limits. The County's outstanding general obligation debt is significantly below its constitution debt limit of \$38 million. Additional information about the County's long-term debt is presented in Note 8 to the financial statements.

#### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

Bremer County, Iowa's elected and appointed officials and citizens considered many factors when setting the fiscal year 2007 budget, tax rates, and the fees that will be charged for the various County activities. One of those factors is the economy. Unemployment in the County now stands at 2.8% versus 3.8% a year ago. This compares with the State's unemployment rate of 3.0% and the national rate of 4.8%.

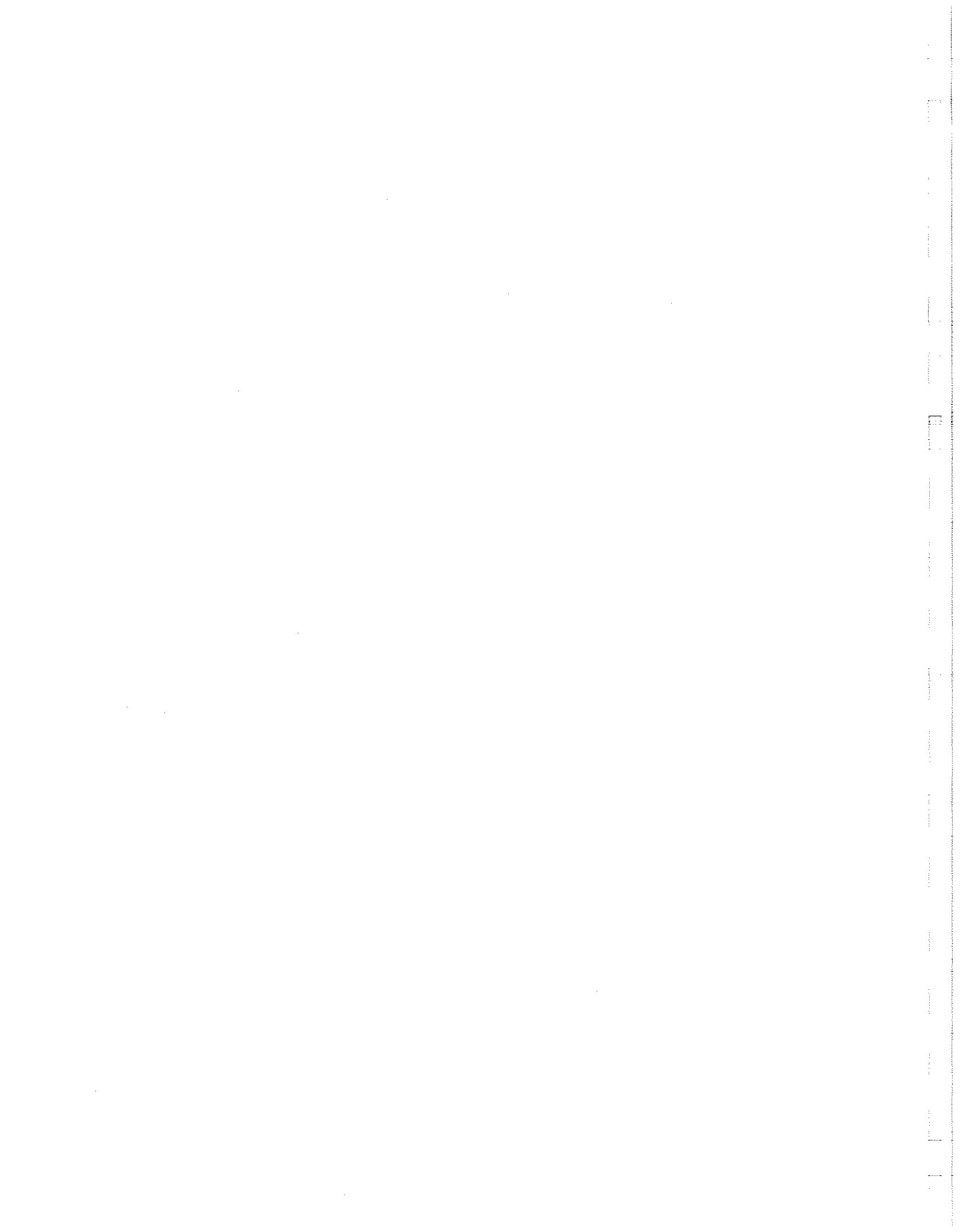
Inflation in the State continues to be somewhat lower than the national Consumer Price Index increase. The State's CPI increase was 3.4% for fiscal year 2006 compared with the national rate of 3.9%.

These indicators were taken into account when adopting the budget for fiscal year 2007. Amounts available for appropriation in the operating budget are \$385,661 more than the final 2006 budget. Budgeted disbursements are expected to decrease by \$503,897 compared to the final 2006 budget. Decreases in capital projects represent the largest decrease. The County has added no major new programs or initiatives to the 2007 budget.

If these estimates are realized, the County's budgetary operating balance is expected to decrease \$892,673 by the close of fiscal year 2007.

#### **CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of Bremer County, Iowa's finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Bremer County Auditor's Office, 415 East Bremer Avenue, Waverly, Iowa 50677.



## BREMER COUNTY, IOWA

STATEMENT OF NET ASSETS  
JUNE 30, 2006

	Governmental Activities	Business Type Activities	Total
<b>ASSETS:</b>			
Cash and pooled investments	\$ 9,143,149	\$ 38,400	\$ 9,181,549
Receivables:			
Property tax:			
Delinquent	28,362	-	28,362
Succeeding year	5,744,513	-	5,744,513
Accounts	70,440	108,773	179,213
Accrued interest	131,673	-	131,673
Due from other governments	239,908	-	239,908
Inventories	225,558	-	225,558
Prepaid insurance	62,251	-	62,251
Capital assets (net of accumulated depreciation)	22,066,023	335,674	22,401,697
Total assets	37,711,877	482,847	38,194,724
<b>LIABILITIES:</b>			
Accounts payable	501,604	12,512	514,116
Accrued interest payable	19,381	-	19,381
Retainage payable	204,924	-	204,924
Salaries and benefits payable	306,829	46,039	352,868
Due to other governments	171,033	-	171,033
Deferred revenue:			
Succeeding year property tax	5,744,513	-	5,744,513
Long-term liabilities:			
Portion due or payable within one year:			
General obligation notes	25,000	-	25,000
General obligation bonds	420,000	-	420,000
Early retirement	985	-	985
Compensated absences	393,153	-	393,153
Portion due or payable after one year:			
General obligation notes	2,065,000	-	2,065,000
General obligation bonds	3,595,000	-	3,595,000
Closure and postclosure costs	1,288,960	-	1,288,960
Total liabilities	14,736,382	58,551	14,794,933
<b>NET ASSETS:</b>			
Invested in capital assets, net of related debt	15,756,099	335,674	16,091,773
Restricted for:			
Supplemental levy purposes	250,085	-	250,085
Mental health purposes	925,079	-	925,079
Secondary roads purposes	516,346	-	516,346
Closure and postclosure care costs	1,757,565	-	1,757,565
Debt service	22,612	-	22,612
Capital projects	271,404	-	271,404
Unrestricted	3,476,305	88,622	3,564,927
Total net assets	\$ 22,975,495	\$ 424,296	\$ 23,399,791

BREMER COUNTY, IOWA

STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2006

			<u>Program Revenues</u>	
			<u>Operating</u> <u>Grants,</u> <u>Contributions</u> <u>and Restricted</u> <u>Interest</u>	<u>Capital</u> <u>Grants,</u> <u>Contributions</u> <u>and Restricted</u> <u>Interest</u>
	<u>Expenses</u>	<u>Charges</u> <u>for Service</u>		
<u>FUNCTIONS/PROGRAMS:</u>				
Governmental activities:				
Public safety and legal services	\$ 2,350,794	\$ 135,422	\$ 197,050	\$ -
Physical health and social services	509,210	45,441	153,409	-
Mental health	1,563,561	-	825,007	-
County environment and education	1,740,850	810,765	235,511	-
Roads and transportation	4,349,446	5,187	1,979,849	20,348
Governmental services to residents	381,453	405,612	7,136	-
Administration	1,712,704	-	20,737	-
Interest on long-term debt	247,100	-	-	-
Total governmental activities	12,855,118	1,402,427	3,418,699	20,348
Business type activities:				
Mental health	1,298,903	1,149,593	109,812	-
Total	\$ 14,154,021	\$ 2,552,020	\$ 3,528,511	\$ 20,348

GENERAL REVENUES:

Property and other County tax levied for:  
    General purposes  
    Debt service  
Penalty and interest on property tax  
State tax credits  
Local option sales and service tax  
Unrestricted investment earnings  
Miscellaneous  
Loss on sale of capital assets  
Total general revenues

Change in net assets

NET ASSETS - Beginning of year

NET ASSETS - End of year

Net (Expense) Revenues  
and Changes in Net Assets

Governmental Activities	Business Type Activities	Total
\$ (2,018,322)	\$ -	\$ (2,018,322)
(310,360)	-	(310,360)
(738,554)	-	(738,554)
(694,574)	-	(694,574)
(2,344,062)	-	(2,344,062)
31,295	-	31,295
(1,691,967)	-	(1,691,967)
(247,100)	-	(247,100)
<u>(8,013,644)</u>	<u>-</u>	<u>(8,013,644)</u>
<u>-</u>	<u>(39,498)</u>	<u>(39,498)</u>
<u>(8,013,644)</u>	<u>(39,498)</u>	<u>(8,053,142)</u>
5,607,038	-	5,607,038
49,900	-	49,900
40,636	-	40,636
294,833	-	294,833
659,080	-	659,080
340,477	1,146	341,623
382,154	14,319	396,473
(3,784)	-	(3,784)
<u>7,370,334</u>	<u>15,465</u>	<u>7,385,799</u>
(643,310)	(24,033)	(667,343)
<u>23,618,805</u>	<u>448,329</u>	<u>24,067,134</u>
\$ <u>22,975,495</u>	\$ <u>424,296</u>	\$ <u>23,399,791</u>

BREMER COUNTY, IOWA

BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2006

		Special Revenue			
	<u>General</u>	<u>MH-DD</u>	<u>Rural Services</u>	<u>Solid Waste Management</u>	<u>Secondary Roads</u>
<u>ASSETS</u>					
Cash and pooled investments	\$ 1,840,292	\$ 1,121,766	\$ 147,445	\$ 1,574,647	\$ 350,898
Receivables:					
Property tax:					
Delinquent	18,942	2,197	6,970	-	-
Succeeding year	3,836,642	444,917	1,411,700	-	-
Accounts	10,167	-	-	60,273	-
Accrued Interest	27,672	-	-	11,903	-
Due from other governments	20,687	-	-	-	158,883
Due from other funds	-	-	-	-	-
Inventories	-	-	-	-	225,558
Prepaid expenses	32,166	-	-	2,500	27,585
<b>TOTAL ASSETS</b>	<b>\$ 5,786,568</b>	<b>\$ 1,568,880</b>	<b>\$ 1,566,115</b>	<b>\$ 1,649,323</b>	<b>\$ 762,924</b>
<u>LIABILITIES AND FUND BALANCES</u>					
<u>LIABILITIES:</u>					
Accounts payable	\$ 63,791	\$ 23,091	\$ -	\$ 8,957	\$ 153,990
Salaries and benefits payable	184,017	14,400	9,027	7,227	92,158
Due to other funds	-	-	-	3,243	-
Due to other governments	6,542	159,196	-	4,865	430
Deferred revenue:					
Succeeding year property tax	3,836,642	444,917	1,411,700	-	-
Other	18,942	2,197	6,970	-	-
Total liabilities	<u>4,109,934</u>	<u>643,801</u>	<u>1,427,697</u>	<u>24,292</u>	<u>246,578</u>
<u>FUND BALANCES:</u>					
Reserved for:					
Supplemental levy	250,085	-	-	-	-
Debt service	-	-	-	-	-
Closure and postclosure costs	-	-	-	-	-
Unreserved, reported in:					
General fund	1,426,549	-	-	-	-
Special revenue funds	-	925,079	138,418	1,625,031	516,346
Capital projects fund	-	-	-	-	-
Total fund balances	<u>1,676,634</u>	<u>925,079</u>	<u>138,418</u>	<u>1,625,031</u>	<u>516,346</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 5,786,568</b>	<b>\$ 1,568,880</b>	<b>\$ 1,566,115</b>	<b>\$ 1,649,323</b>	<b>\$ 762,924</b>

<u>Solid Waste Closure</u>	<u>Nonmajor Governmental</u>	<u>Total</u>
\$ 1,730,565	\$ 2,020,152	\$ 8,785,765
-	253	28,362
-	51,254	5,744,513
-	-	70,440
27,000	10,492	77,067
-	60,338	239,908
-	3,243	3,243
-	-	225,558
-	-	62,251
<u>\$ 1,757,565</u>	<u>\$ 2,145,732</u>	<u>\$ 15,237,107</u>

\$ -	\$ 6,428	\$ 256,257
-	-	306,829
-	-	3,243
-	-	171,033
-	51,254	5,744,513
-	253	28,362
<u>-</u>	<u>57,935</u>	<u>6,510,237</u>

-	-	250,085
-	22,612	22,612
1,757,565	-	1,757,565

-	-	1,426,549
-	1,793,781	4,998,655
-	271,404	271,404
<u>1,757,565</u>	<u>2,087,797</u>	<u>8,726,870</u>

\$ <u>1,757,565</u>	\$ <u>2,145,732</u>	\$ <u>15,237,107</u>
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BREMER COUNTY, IOWA

RECONCILIATION OF THE BALANCE SHEET -  
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS  
JUNE 30, 2006

TOTAL GOVERNMENTAL FUND BALANCES	\$ 8,726,870
AMOUNTS REPORTED FOR GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF NET ASSETS ARE DIFFERENT BECAUSE:	
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds. The cost of assets is \$36,711,122 and the accumulated depreciation is \$14,645,099.	22,066,023
Retainage payable is not due and payable in the current period and, therefore, is not reported in the funds.	(204,924)
Other long-term assets are not available to pay for current period expenditures and, therefore, are not recorded in the funds	54,021
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds	28,362
The Internal Service Fund is used by management to charge the costs of the partial self funding of the County's health insurance benefit plan to the funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets	112,622
Long-term liabilities, including notes payable, bonds payable, early retirement, compensated absences payable, closure and postclosure care costs and accrued interest payable, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(7,807,479)</u>
NET ASSETS OF GOVERNMENTAL ACTIVITIES	\$ <u>22,975,495</u>

BREMER COUNTY, IOWA

STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2006

			<u>Special Revenue</u>	
	<u>General</u>	<u>MH-DD</u>	<u>Rural Services</u>	<u>Solid Waste Management</u>
<u>REVENUES:</u>				
Property and other County tax	\$ 3,739,810	\$ 433,691	\$ 1,392,673	\$ -
Interest and penalty on property tax	40,636	-	-	-
Intergovernmental	591,791	847,603	75,826	-
Licenses and permits	215,987	-	-	-
Charges for service	595,220	-	-	537,137
Use of money and property	191,705	-	-	55,350
Fines, forfeitures and defaults	2,629	-	-	-
Miscellaneous	210,292	61,533	-	-
Total revenues	<u>5,588,070</u>	<u>1,342,827</u>	<u>1,468,499</u>	<u>592,487</u>
<u>EXPENDITURES:</u>				
Operating:				
Public safety and legal services	2,096,344	-	215,490	-
Physical health and social services	512,458	-	-	-
Mental health	-	1,567,486	-	-
County environment and education	604,874	-	136,500	338,169
Roads and transportation	101,080	-	-	-
Governmental services to residents	368,372	-	-	-
Administration	1,666,265	-	-	-
Debt service	-	-	-	-
Capital projects	-	-	-	-
Total expenditures	<u>5,349,393</u>	<u>1,567,486</u>	<u>351,990</u>	<u>338,169</u>
Excess (deficiency) of revenues over (under) expenditures	<u>238,677</u>	<u>(224,659)</u>	<u>1,116,509</u>	<u>254,318</u>
Other financial sources (uses):				
Sale of equipment	17,249	-	-	-
Operating transfers in	38,273	-	-	-
Operating transfers out	(114,275)	-	(1,105,100)	(34,528)
Total other financing sources (uses)	<u>(58,753)</u>	<u>-</u>	<u>(1,105,100)</u>	<u>(34,528)</u>
Net change in fund balances	179,924	(224,659)	11,409	219,790
<u>FUND BALANCES - Beginning of year</u>	<u>1,496,710</u>	<u>1,149,738</u>	<u>127,009</u>	<u>1,405,241</u>
<u>FUND BALANCES - End of year</u>	<u>\$ 1,676,634</u>	<u>\$ 925,079</u>	<u>\$ 138,418</u>	<u>\$ 1,625,031</u>

Exhibit E

<u>Secondary Roads</u>	<u>Solid Waste Closure</u>	<u>Nonmajor Governmental</u>	<u>Total</u>
\$ -	\$ -	\$ 718,124	\$ 6,284,298
-	-	-	40,636
2,000,197	-	215,884	3,731,301
3,250	-	2,577	221,814
1,937	-	49,771	1,184,065
-	11,845	58,150	317,050
-	-	-	2,629
86,168	-	8,400	366,393
<u>2,091,552</u>	<u>11,845</u>	<u>1,052,906</u>	<u>12,148,186</u>
-	-	2,088	2,313,922
-	-	-	512,458
-	-	-	1,567,486
-	-	58,835	1,138,378
3,468,454	-	-	3,569,534
-	-	14,291	382,663
-	-	-	1,666,265
-	-	713,348	713,348
372,061	-	796,075	1,168,136
<u>3,840,515</u>	<u>-</u>	<u>1,584,637</u>	<u>13,032,190</u>
<u>(1,748,963)</u>	<u>11,845</u>	<u>(531,731)</u>	<u>(884,004)</u>
-	-	-	17,249
1,419,375	-	976,645	2,434,293
-	-	(1,180,390)	(2,434,293)
<u>1,419,375</u>	<u>-</u>	<u>(203,745)</u>	<u>17,249</u>
(329,588)	11,845	(735,476)	(866,755)
<u>845,934</u>	<u>1,745,720</u>	<u>2,823,273</u>	<u>9,593,625</u>
\$ <u>516,346</u>	\$ <u>1,757,565</u>	\$ <u>2,087,797</u>	\$ <u>8,726,870</u>



BREMER COUNTY, IOWA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2006

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ (866,755)

AMOUNTS REPORTED FOR GOVERNMENTAL ACTIVITIES IN THE  
STATEMENT OF ACTIVITIES ARE DIFFERENT BECAUSE:

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. Capital outlay expenditures exceeded depreciation expense and gain on sale of capital assets in the current year as follows:

Expenditures for capital assets	\$ 1,552,844	
Retainage payable	(204,924)	
Depreciation expense	(1,273,195)	
Loss on sale	<u>(3,784)</u>	70,941

Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. Current year repayments are as follows:

Principal payments paid by the County	465,000
---------------------------------------	---------

Because some revenues will not be collected for several months after the County's year end, they are not considered available and are excluded from the governmental funds

Property taxes	\$ 28,362	
Interest	<u>22,184</u>	50,546

Some revenues are recognized in the current year for governmental funds; however, these revenues were recognized in a prior year in the Statement of Activities. (4,443)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds, as follows:

Closure and postclosure costs	\$ (447,154)	
Compensated absences	(39,435)	
Interest on long-term debt	1,248	
Early retirement	<u>2,027</u>	(483,314)

The Internal Service Fund is used by management to charge the costs of employee health benefits to the funds. The change in net assets of the Internal Service Fund is reported with the governmental activities.

124,715

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES \$ (643,310)

See Notes to Financial Statements



## BREMER COUNTY, IOWA

STATEMENT OF NET ASSETS  
 PROPRIETARY FUNDS  
 JUNE 30, 2006

	Internal Service Employee Group Health	Enterprise Community Based and Case Management Services	Total
<u>ASSETS:</u>			
Cash and cash equivalents	\$ 357,384	\$ 38,400	\$ 395,784
Receivables:			
Accounts	-	108,773	108,773
Accrued interest	585	-	585
Capital assets	-	592,180	592,180
Accumulated depreciation	-	(256,506)	(256,506)
TOTAL ASSETS	<u>357,969</u>	<u>482,847</u>	<u>840,816</u>
<u>LIABILITIES:</u>			
Accounts payable	245,347	12,512	257,859
Salaries and benefits payable	-	46,039	46,039
TOTAL LIABILITIES	<u>245,347</u>	<u>58,551</u>	<u>303,898</u>
<u>NET ASSETS:</u>			
Unrestricted	\$ <u>112,622</u>	\$ <u>424,296</u>	\$ <u>536,918</u>

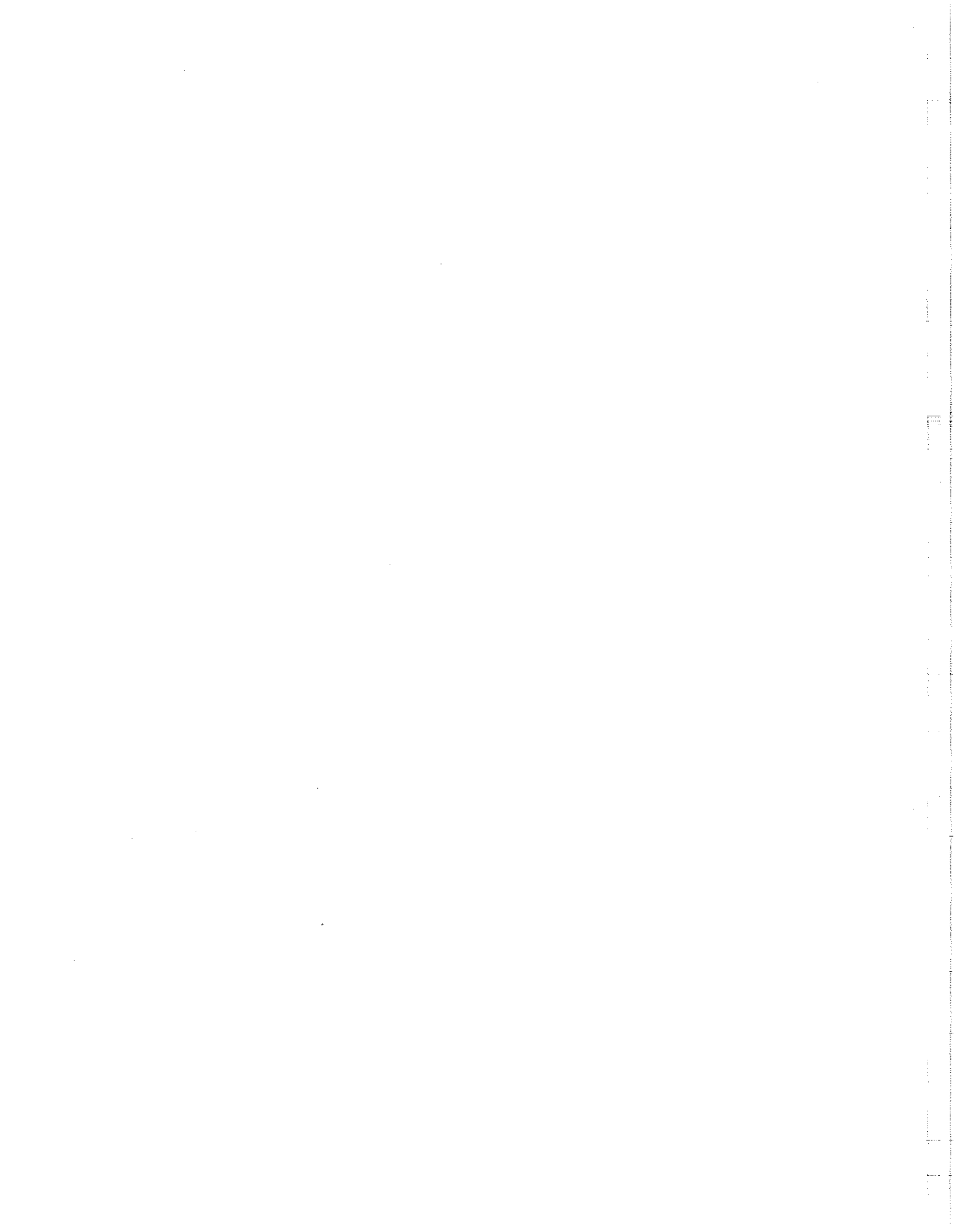




BREMER COUNTY, IOWA

STATEMENT OF REVENUES, EXPENSES AND CHANGES  
IN FUND NET ASSETS  
PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2006

	<u>Internal Service Employee Group Health</u>	<u>Enterprise Community Based and Case Management Services</u>	<u>Total</u>
<u>OPERATING REVENUES:</u>			
Reimbursements from operating funds	\$ 892,361	\$ -	\$ 892,361
Reimbursements from employees	107,001	-	107,001
Intergovernmental charges for service	-	1,149,593	1,149,593
Other charges for service	-	17,314	17,314
Building rent	-	92,498	92,498
Miscellaneous	225,000	14,319	239,319
Total operating revenues	<u>1,224,362</u>	<u>1,273,724</u>	<u>2,498,086</u>
<u>OPERATING EXPENSES:</u>			
Medical claims	867,110	-	867,110
Insurance premiums	173,655	-	173,655
Administrative fees	63,669	-	63,669
Salaries and benefits	-	963,322	963,322
Operations and supplies	-	308,370	308,370
Depreciation	-	27,211	27,211
Total operating expenses	<u>1,104,434</u>	<u>1,298,903</u>	<u>2,403,337</u>
Operating income (loss)	119,928	(25,179)	94,749
<u>NON-OPERATING REVENUES:</u>			
Interest on investments	<u>4,787</u>	<u>1,146</u>	<u>5,933</u>
Net income (loss)	124,715	(24,033)	100,682
Net assets beginning of year	<u>(12,093)</u>	<u>448,329</u>	<u>436,236</u>
Net assets end of year	\$ <u>112,622</u>	\$ <u>424,296</u>	\$ <u>536,918</u>



## BREMER COUNTY, IOWA

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUND  
 YEAR ENDED JUNE 30, 2006

	Internal Service Employee Group Health	Enterprise Community Based and Case Management Services	Total
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>			
Cash received from operating fund reimbursements	\$ 892,361	\$ -	\$ 892,361
Cash received from employees and others	332,001	1,227,693	1,559,694
Cash payments to suppliers and employees for services	<u>(1,106,900)</u>	<u>(1,250,773)</u>	<u>(2,357,673)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	117,462	(23,080)	94,382
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u>			
Acquisition of capital assets	-	(7,788)	(7,788)
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>			
Interest on investments	<u>4,429</u>	<u>1,239</u>	<u>5,668</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	121,891	(29,629)	92,262
<u>CASH AND CASH EQUIVALENTS</u> - Beginning of year	<u>235,493</u>	<u>68,029</u>	<u>303,522</u>
<u>CASH AND CASH EQUIVALENTS</u> - End of year	\$ <u>357,384</u>	\$ <u>38,400</u>	\$ <u>395,784</u>
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</u>			
Operating income (loss)	\$ 119,928	\$ (25,179)	\$ 94,749
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	-	27,211	27,211
Adjustment to fixed assets	-	13,315	13,315
Increase in accounts receivable	-	(46,031)	(46,031)
Increase (decrease) in accounts payable	(2,466)	2,008	(458)
Increase in salaries and benefits payable	<u>-</u>	<u>5,596</u>	<u>5,596</u>
Net cash provided (used) by operating activities	\$ <u>117,462</u>	\$ <u>(23,080)</u>	\$ <u>94,382</u>

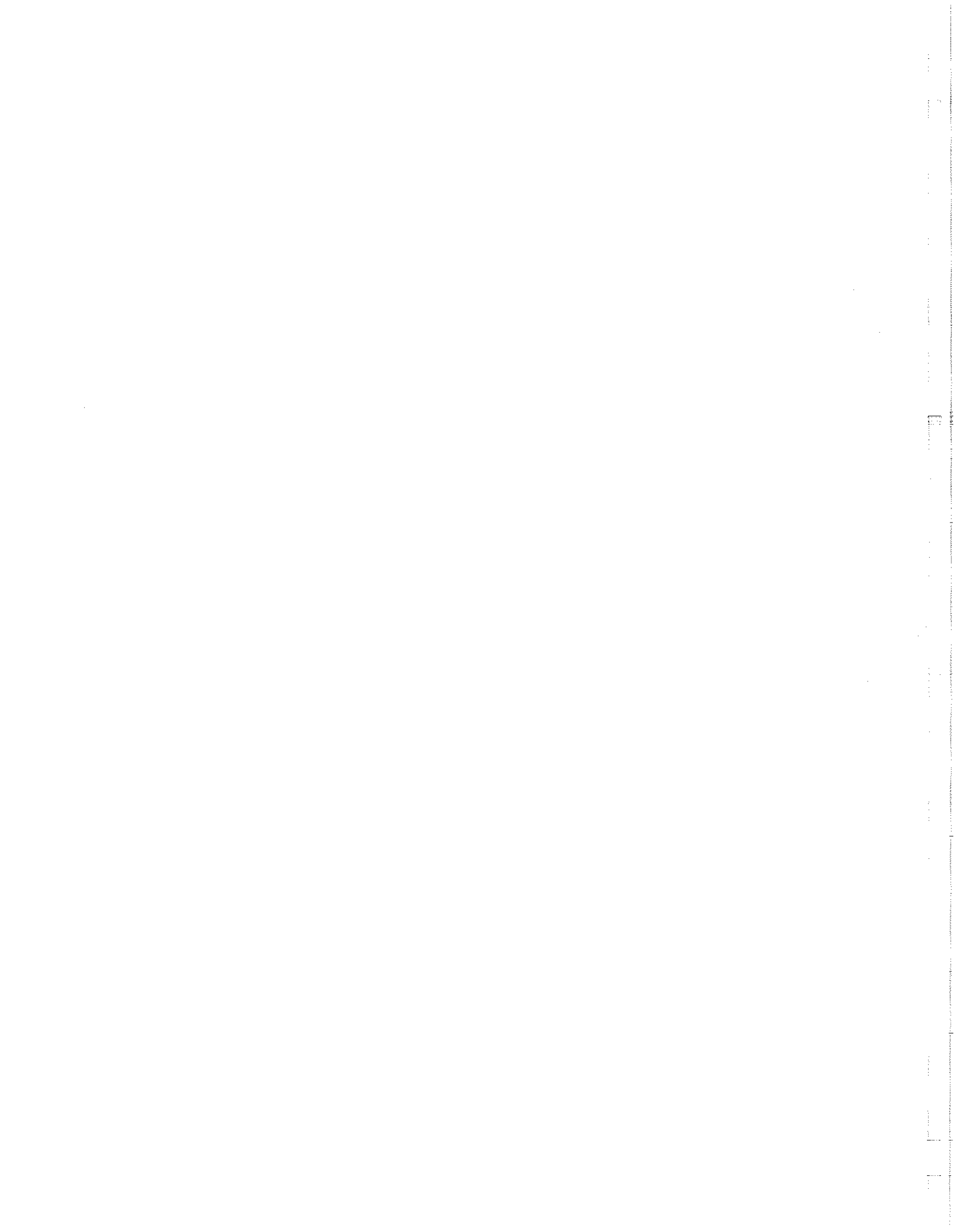


BREMER COUNTY, IOWASTATEMENT OF FIDUCIARY ASSETS AND LIABILITIESAGENCY FUNDSJUNE 30, 2006ASSETS

Cash and pooled investments:		
County Treasurer	\$	825,961
Other County officials		41,894
Accrued interest		195
Property tax receivable:		
Delinquent		148
Succeeding year		<u>16,918,581</u>
	TOTAL ASSETS	<u>17,786,779</u>

LIABILITIES

Accounts payable		412
Due to other governments		17,700,787
Trusts payable		41,894
Salaries and benefits payable		13,312
Compensated absences		<u>30,374</u>
	TOTAL LIABILITIES	<u>17,786,779</u>
	NET ASSETS	\$ <u>-</u>



## BREMER COUNTY, IOWA

### NOTES TO FINANCIAL STATEMENTS

#### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Bremer County, Iowa is a political subdivision of the State of Iowa and operates under the Home Rule provisions of the Constitution of Iowa. The County operates under the Board of Supervisors form of government. Elections are on a partisan basis. Other elected officials operate independently with the Board of Supervisors. These officials are the Auditor, Treasurer, Recorder, Sheriff, Assessor, and Attorney. The County provides numerous services to citizens, including law enforcement, health and social services, parks and cultural activities, planning and zoning, roadway construction and maintenance, and general administrative services.

The County's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

#### A. Reporting Entity

For financial reporting purposes, Bremer County, Iowa has included all funds, organizations, agencies, boards, commissions and authorities. The County has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the County to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the County.

These financial statements present Bremer County, Iowa (the primary government) and its component units. The component units discussed below are included in the County's reporting entity because of the significance of their operational or financial relationships with the County.

Blended Component Units – The following component units are entities which are legally separate from the County, but are so intertwined with the County that they are, in substance, the same as the County. They are reported as part of the County and blended into the appropriate funds.

Ten drainage districts have been established pursuant to Chapter 468 of the Code of Iowa for the drainage of surface waters from agricultural and other lands or the protection of such lands from overflow. Although these districts are legally separate from the County, they are controlled, managed and supervised by the Bremer County Board of Supervisors. The drainage districts are reported as a Special Revenue Fund. Financial information of the individual drainage districts can be obtained from the Bremer County Auditor's office.

Jointly Governed Organizations – The County also participates in several jointly governed organizations that provide goods or services to the citizenry of the County but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The County Board of Supervisors are members of or appoint representatives to the following boards and commissions: Bremer County Assessor's Conference Board, Bremer County Emergency Management Commission, and Bremer County Joint E911 Service Board. Financial transactions of these organizations are included in the County's financial statements only to the extent of the County's fiduciary relationship with the organization and, as such, are reported in the Agency Funds of the County.

#### B. Basis of Presentation

Government-wide Financial Statements – The Statement of Net Assets and the Statement of Activities report information on all of the nonfiduciary activities of the County and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are supported by property tax, intergovernmental revenues and other nonexchange transactions.





BREMER COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Statement of Net Assets presents the County's nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories.

*Invested in capital assets, net of related debt* consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.

*Restricted net assets* result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

*Unrestricted net assets* consist of net assets that do not meet the definition of the two preceding categories. Unrestricted net assets often have constraints on resources imposed by management which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements – Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as other nonmajor governmental funds.

The County reports the following major governmental funds:

The General Fund is the general operating fund of the County. All general tax revenues and other revenues not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, the fixed charges and the capital improvement costs that are not paid from other funds.

Special Revenue

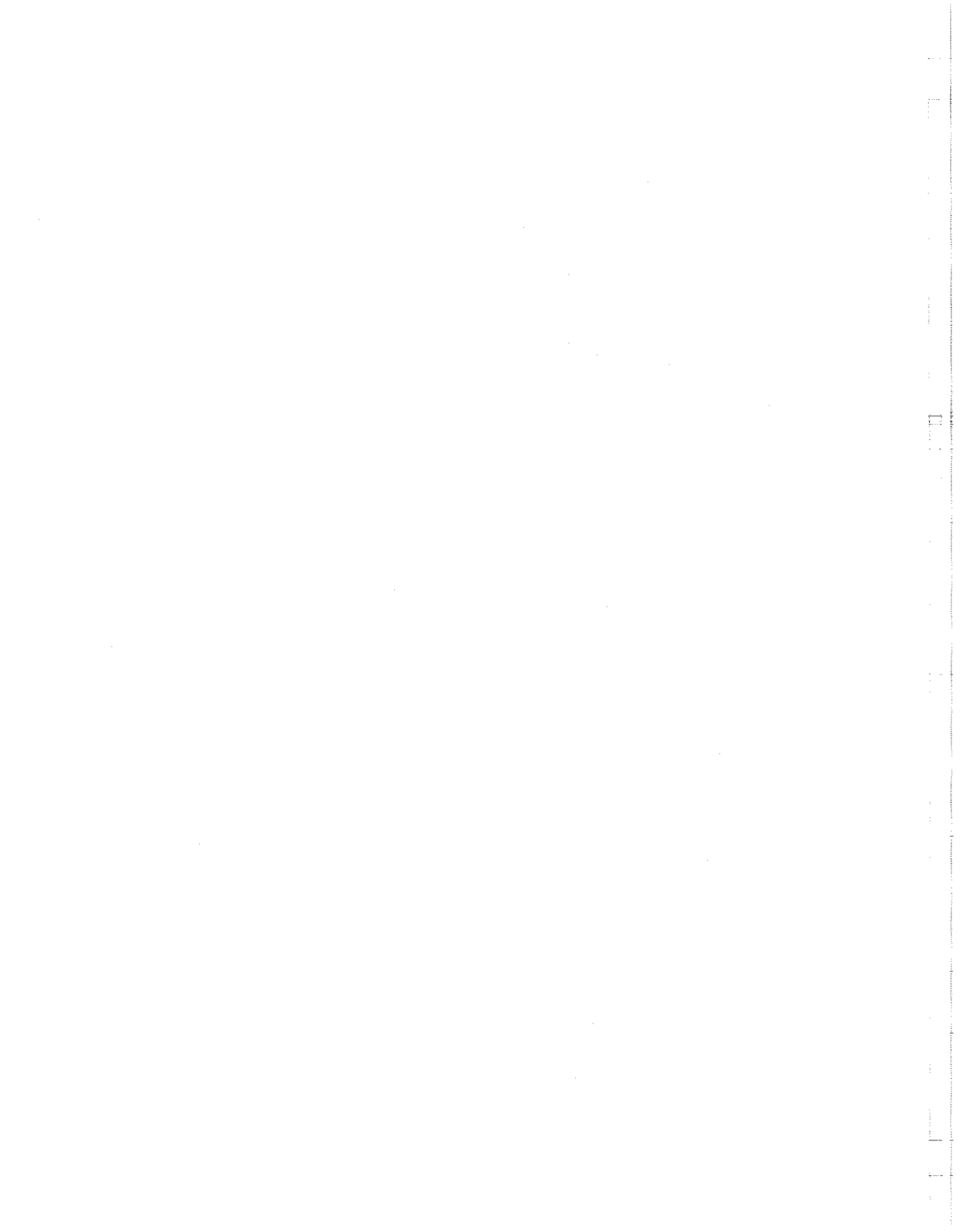
The MH-DD Fund is used to account for property tax and other revenues designated to be used to fund mental health, mental retardation, and developmental disabilities services.

The Rural Services Fund is used to account for property tax and other revenues to provide services which are primarily intended to benefit those persons residing in the County outside of incorporated areas.

The Solid Waste Management Fund is used to account for retained tonnage fees.

The Secondary Roads Fund is used to account for secondary road construction and maintenance.

The Solid Waste Closure Fund is used to account for the reserves to be used for closure and post closure expenditures of the landfill, when the landfill no longer accepts solid waste.



BREMER COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Additionally, the County reports the following funds:

Proprietary Fund

An Internal Service Fund is utilized to account for the financing of goods or services purchased by one department of the County and provided to other departments or agencies on a cost reimbursement basis.

Enterprise Fund

An Enterprise Fund is used to finance and account for the operation of mental health facilities for Bremer County residents through the rental and use of County owned buildings and the support of various user charges.

Fiduciary Fund

Agency Funds are used to account for assets held by the County as an agent for individuals, private organizations, certain jointly governed organizations, other governmental units and/or other funds.

C. Measurement Focus and Basis of Accounting

The government-wide, proprietary fund and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

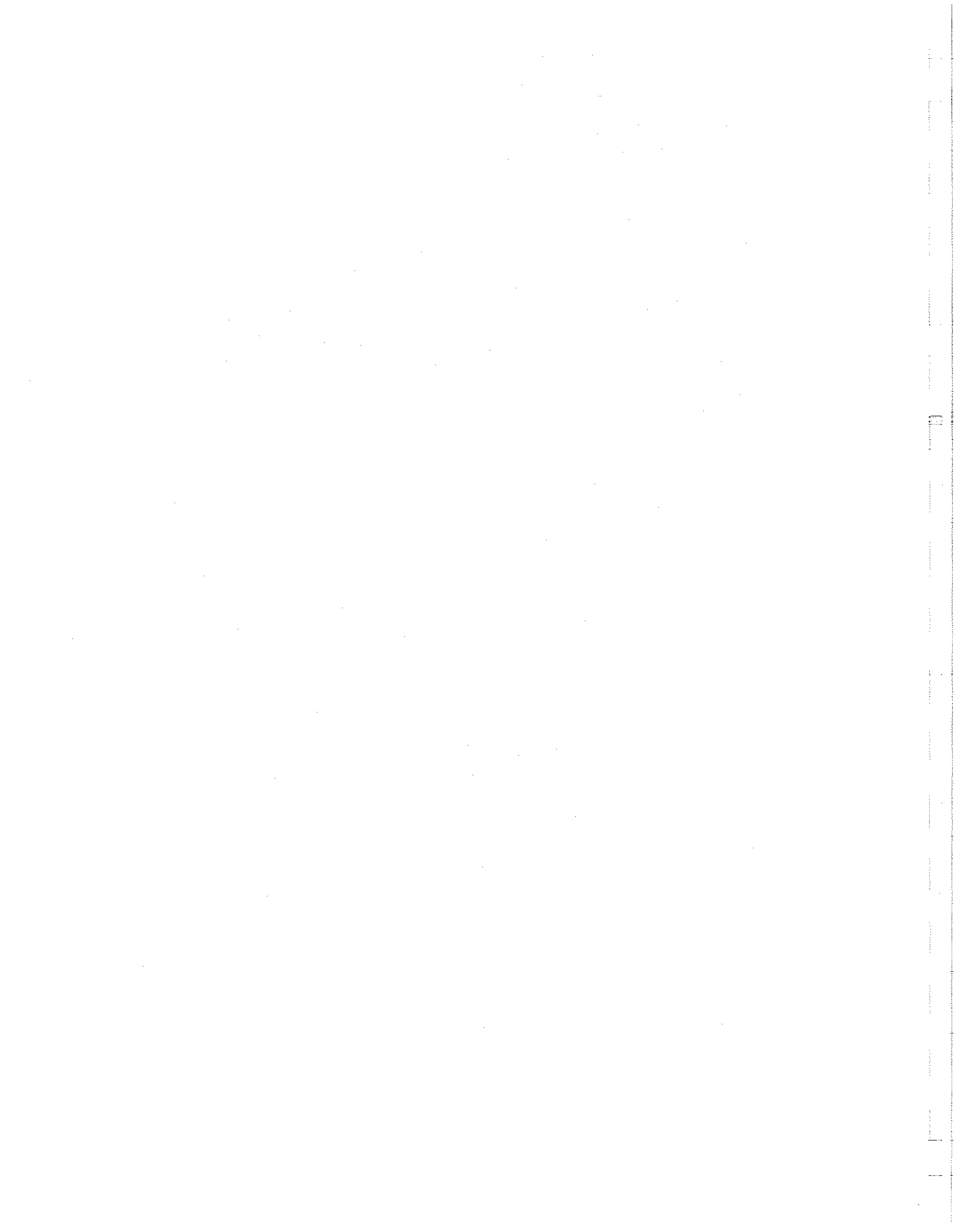
Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest are considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the County.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments and compensated absences are recorded as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds from general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the County funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the County's policy to first apply cost-reimbursements grant resources to such programs, followed by categorical block grants, and then by general revenues.

The proprietary fund of the County applies all applicable GASB pronouncements, as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the Committee on Accounting Procedure.



BREMER COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's Internal Service Fund are charges to customers for sales and services. Operating expenses for Internal Service Funds include the cost of services and administrative expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The County maintains its financial records on the cash basis. The financial statements of the County are prepared by making memorandum adjusting entries to the cash basis financial records.

D. Assets, Liabilities and Fund Equity

The following accounting policies are followed in preparing the financial statements:

Cash, Pooled Investments and Cash Equivalents – The cash balances of most County funds are pooled and invested. Interest earned on investments is recorded in the General Fund, unless otherwise provided by law. Investments are stated at fair value except for non-negotiable certificates of deposit which are stated at cost.

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, have a maturity date no longer than three months.

Property Tax Receivable – Property tax in governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the County Board of Supervisors. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Supervisors to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the Board of Supervisors is required to certify its budget in March of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1.5% per month penalty for delinquent payments; is based on January 1, 2004 assessed property valuations; is for the tax accrual period July 1, 2005 through June 30, 2006 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2005.

Due from and Due to Other Funds – During the course of its operations, the County has numerous transactions between funds. To the extent that certain transactions between funds had not been paid or received as of June 30, 2006, balances of interfund amounts receivable or payable have been recorded in the financial statements.

Due from Other Governments – Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.



BREMER COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Inventories – Inventories are valued at cost using the first-in, first-out method. Inventories in the Special Revenue Funds consist of expendable supplies held for consumption. Inventories of governmental funds are recorded as expenditures when consumed rather than purchased.

Capital Assets – Capital assets, which include property, equipment and vehicles, and infrastructure assets (e.g., roads, bridges, curbs, gutters, sidewalks and similar items which are immovable and of value only to the government), are reported in the governmental activities column in the government-wide Statement of Net Assets. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Reportable capital assets are defined by the County as assets with initial, individual costs in excess of the following thresholds and estimated useful lives in excess of two years.

<u>Asset Class</u>	<u>Amount</u>
Infrastructure	\$ 50,000
Land, buildings and improvements	25,000
Equipment and vehicles	5,000

Capital assets of the County are depreciated using the straight line method over the following estimated useful lives:

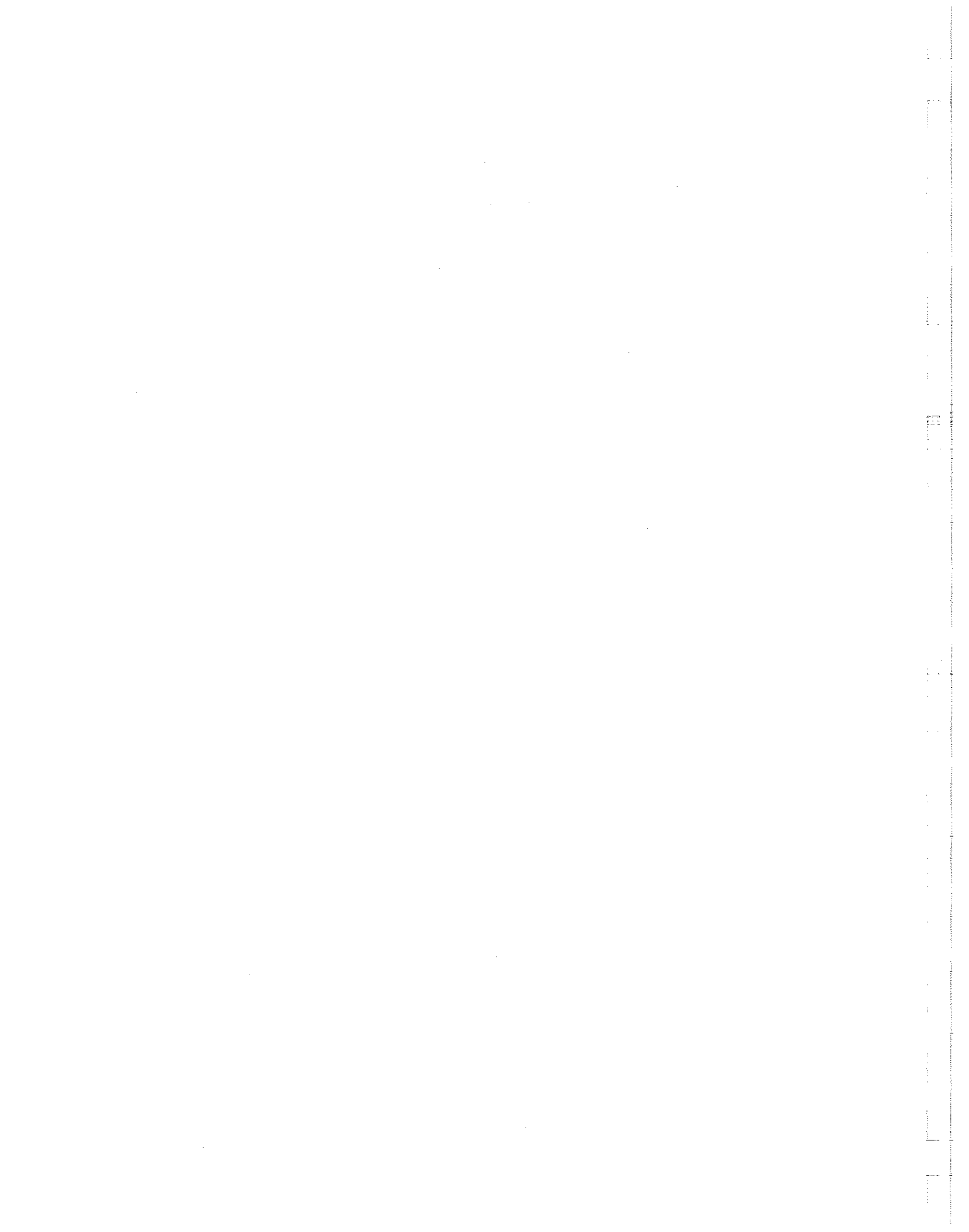
<u>Asset Class</u>	<u>Estimated Useful Lives (In Years)</u>
Buildings	40-65
Building improvements	20-50
Infrastructure	30-50
Equipment	2-20
Vehicles	3-10

Due to Other Governments – Due to other governments represents taxes and other revenues collected by the County and payments for services which will be remitted to other governments.

Trusts Payable – Trusts payable represents amounts due to others which are held by various County officials in fiduciary capacities until the underlying legal matters are resolved.

Deferred Revenue – Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of property tax receivable not collected within sixty days after year end.

Deferred revenue on the Statement of Net Assets consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied.





BREMER COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Compensated Absences – County employees accumulate a limited amount of earned but unused vacation and sick leave hours for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide, proprietary fund and fiduciary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees that have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2006. The compensated absences liability attributable to the governmental activities will be paid primarily by the General, Mental Health, Rural Services and Secondary Roads Funds.

Long-Term Liabilities – In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund Statement of Net Assets. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the governmental fund financial statements, the face amount of debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Equity – In the governmental fund financial statements, reservations of fund balance are reported for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Net Assets – The net assets of the Employee Group Health Fund are designated for anticipated future catastrophic losses of the County.

**E. Budgets and Budgetary Accounting**

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2006, disbursements exceeded the amounts budgeted in the debt service function.

**F. Use of Estimates**

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Accordingly, actual results could differ from those estimates.

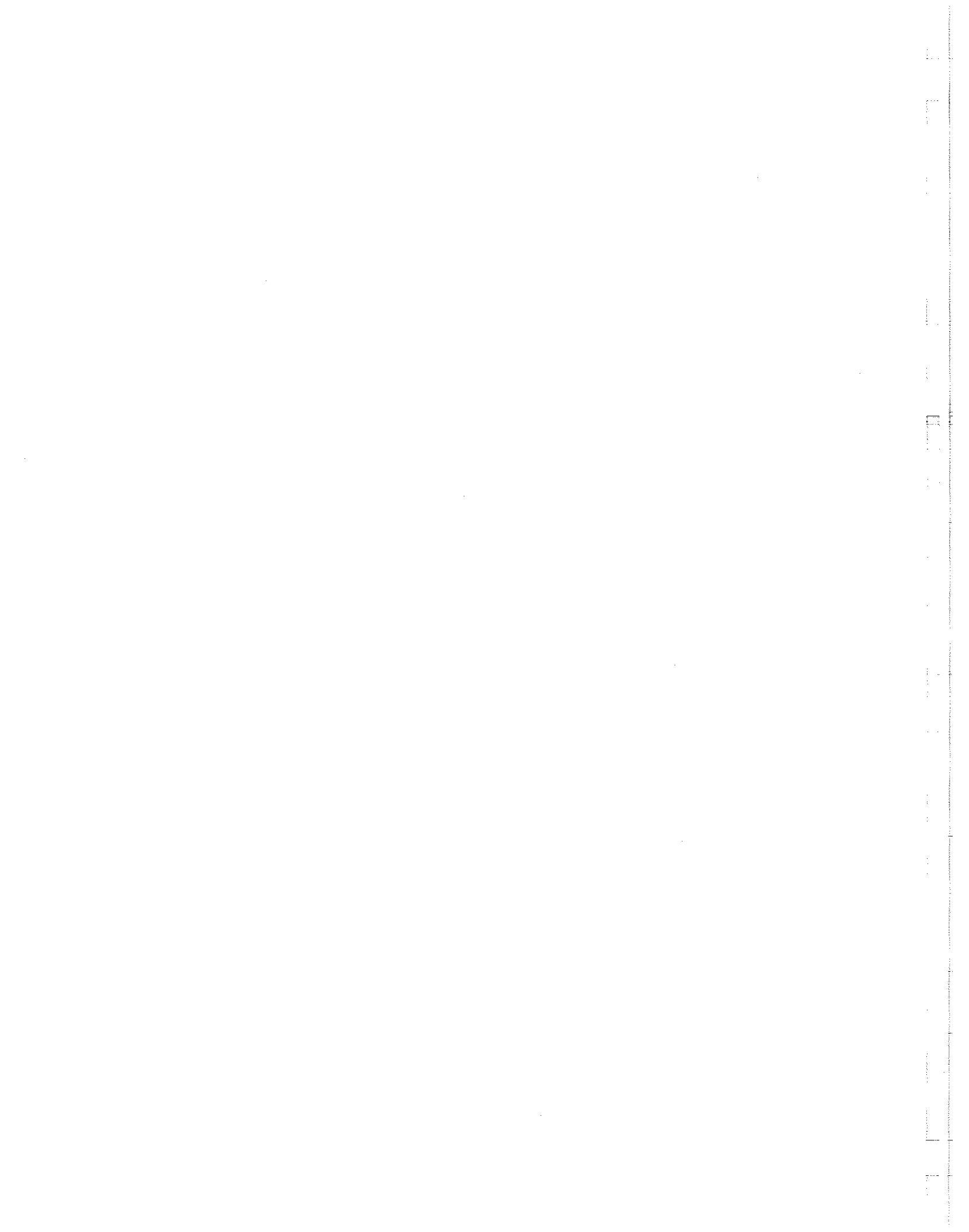
**G. Reclassifications**

Certain amounts at June 30, 2005 have been reclassified to conform with the June 30, 2006 presentation.

NOTE 2: CASH AND POOLED INVESTMENTS

The County's deposits in banks at June 30, 2006 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The County is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Supervisors; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.



BREMER COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS

NOTE 2: CASH AND POOLED INVESTMENTS (Continued)

Investments are stated at fair value.

Interest rate risk – The County's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) in instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days but less than 2,000 days, but the maturities shall be consistent with the needs and use of the County.

NOTE 3: LOANS RECEIVABLE

The County has \$119,866 available to use for economic development within the County. At June 30, 2006 there are no loans outstanding for economic development.

NOTE 4: DUE FROM AND DUE TO OTHER FUNDS

The detail of interfund receivables and payables at June 30, 2006 is as follows:

<u>Receivable Fund</u>		<u>Payable Fund</u>	
Solid Waste Fee	\$ <u>3,243</u>	Solid Waste Management	\$ <u>3,243</u>

These balances resulted from the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system and payments between funds are made.

NOTE 5: INTERFUND TRANSFERS

The detail of interfund transfers for the year ended June 30, 2006 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Secondary Roads	General Fund	\$ 114,275
Secondary Roads	LOSST	200,000
Secondary Roads	Rural Services	1,105,100
Local Option Sinking	LOSST	576,645
General Fund	Solid Waste Management	34,528
General Fund	Recorder's Records Management	3,745
Law Center Construction	LOSST	<u>400,000</u>
		\$ <u>2,434,293</u>

Transfers generally move resources from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.



BREMER COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS

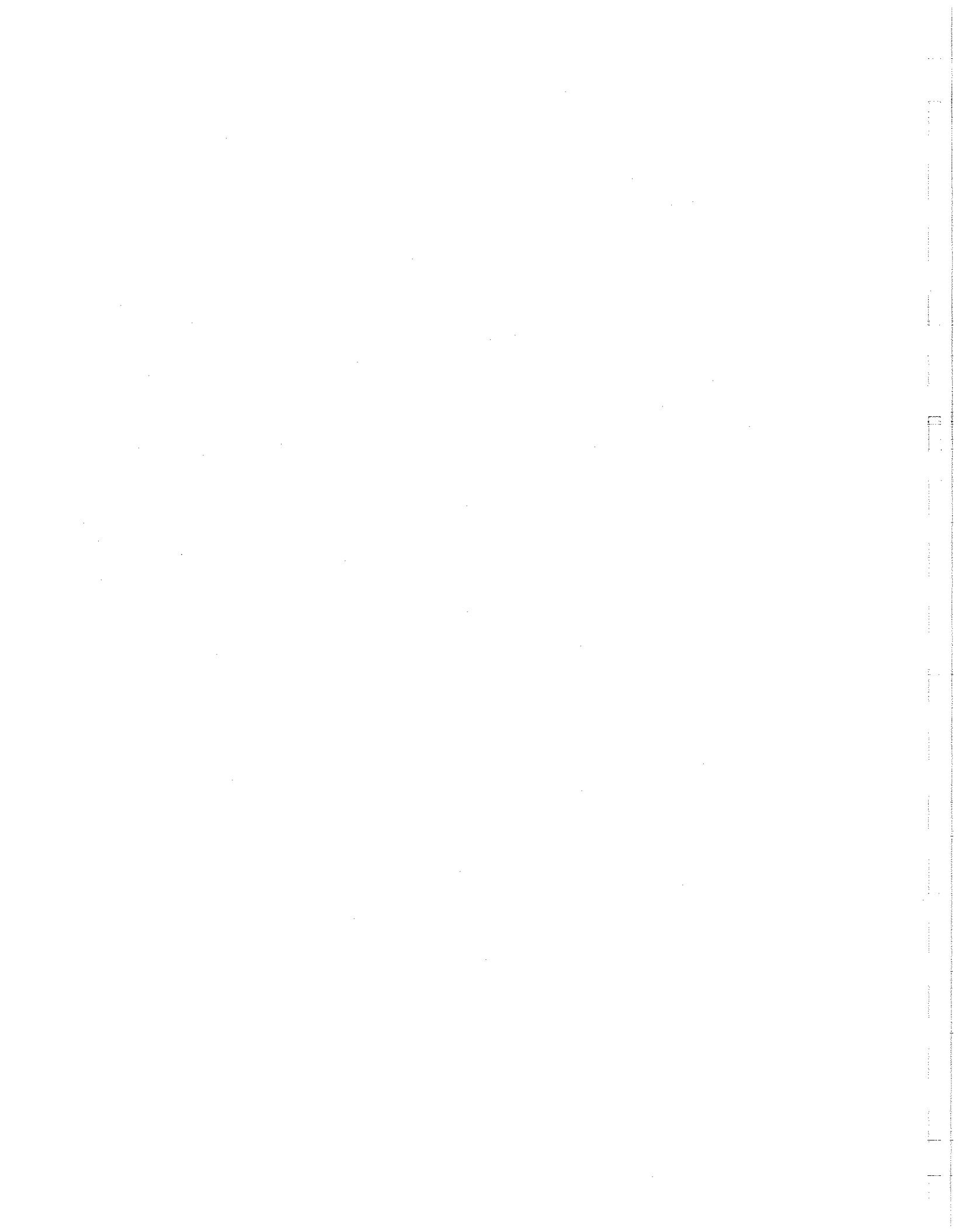
NOTE 6: CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2006 was as follows:

	Balance Beginning of Year	Additions and Other Increases	Disposals and Other Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 1,153,396	\$ -	\$ -	\$ 1,153,396
Construction in progress	<u>4,072,316</u>	<u>1,210,822</u>	<u>804,120</u>	<u>4,479,018</u>
Total capital assets not being depreciated	<u>5,225,712</u>	<u>1,210,822</u>	<u>804,120</u>	<u>5,632,414</u>
Capital assets being depreciated:				
Buildings	1,430,784	-	-	1,430,784
Building improvements	2,047,630	-	-	2,047,630
Equipment	5,667,530	293,710	213,872	5,747,368
Vehicles	757,902	48,312	24,158	782,056
Infrastructure	<u>20,266,750</u>	<u>804,120</u>	<u>-</u>	<u>21,070,870</u>
Total capital assets being depreciated	<u>30,170,596</u>	<u>1,146,142</u>	<u>238,030</u>	<u>31,078,708</u>
Less accumulated depreciation for:				
Buildings	713,741	18,955	-	732,696
Building improvements	203,254	40,668	-	243,922
Equipment	4,056,299	377,350	210,088	4,223,561
Vehicles	541,529	75,360	24,158	592,731
Infrastructure	<u>8,091,327</u>	<u>760,862</u>	<u>-</u>	<u>8,852,189</u>
Total accumulated depreciation	<u>13,606,150</u>	<u>1,273,195</u>	<u>234,246</u>	<u>14,645,099</u>
Total capital assets being depreciated, net	<u>16,564,446</u>	<u>(127,053)</u>	<u>3,784</u>	<u>16,433,609</u>
Governmental activities capital assets, net	\$ <u>21,790,158</u>	\$ <u>1,083,769</u>	\$ <u>807,904</u>	\$ <u>22,066,023</u>
Business type activities:				
Buildings and building improvements	\$ 482,600	\$ 7,788	\$ -	\$ 490,388
Furniture, vehicles and equipment	<u>129,621</u>	<u>-</u>	<u>27,829</u>	<u>101,792</u>
	<u>612,221</u>	<u>7,788</u>	<u>27,829</u>	<u>592,180</u>
Less accumulated depreciation	<u>243,809</u>	<u>27,211</u>	<u>14,514</u>	<u>256,506</u>
Business type activities capital assets, net	\$ <u>368,412</u>	\$ <u>(19,423)</u>	\$ <u>13,315</u>	\$ <u>335,674</u>

Depreciation expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	\$ 54,148
Physical health and social services	578
Mental health	7,778
County environment and education	163,817
Roads and transportation	986,347
Governmental services to residents	1,647
Administration	<u>58,880</u>
Total depreciation expense – governmental activities	\$ <u>1,273,195</u>
Business type activities	\$ <u>27,211</u>



BREMER COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS

NOTE 7: DUE TO OTHER GOVERNMENTS

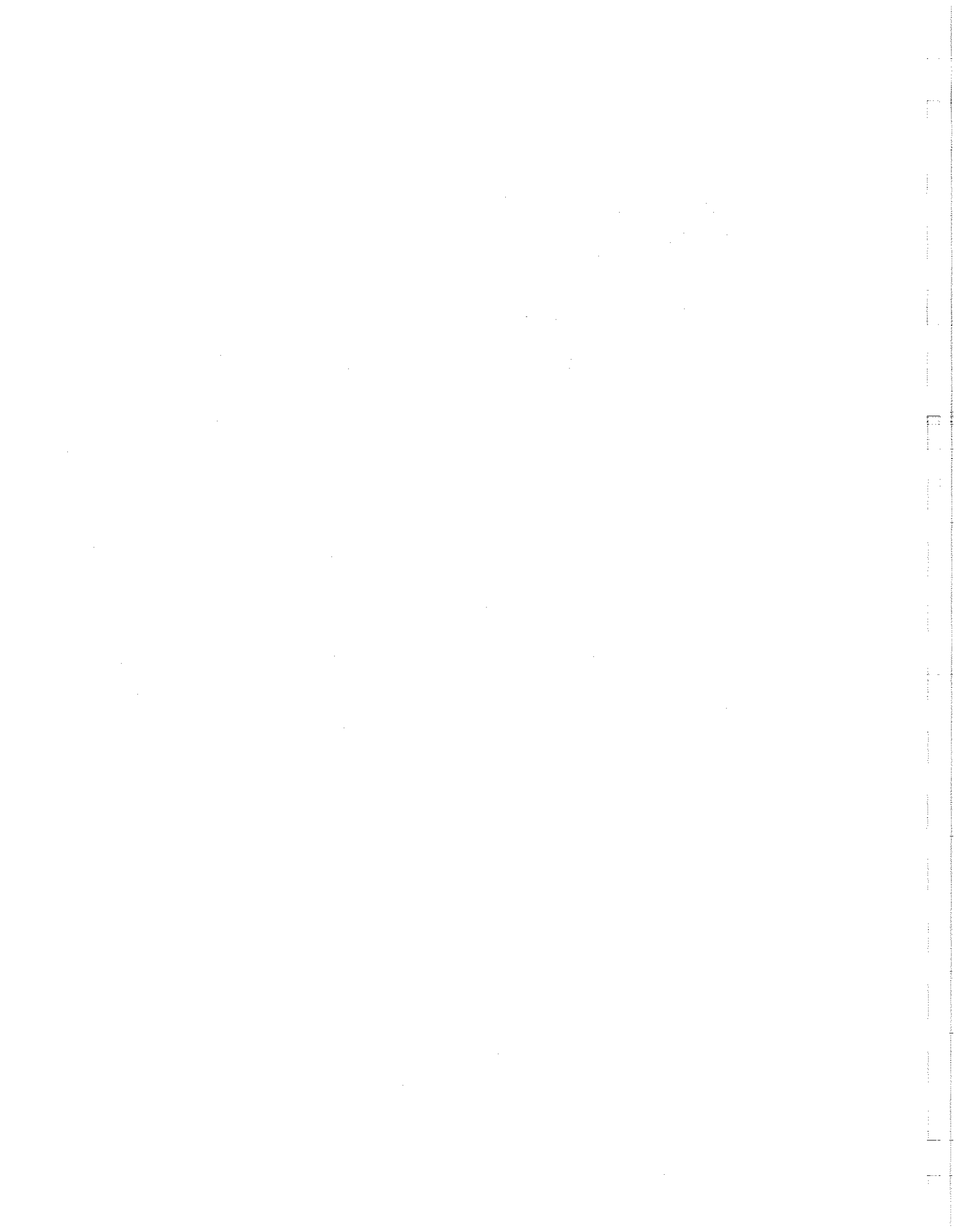
The County purchases services from other governmental units and also acts as a fee and tax collection agent for various governmental units. Tax collections are remitted to those governments in the month following collection. A summary of amounts due to other governments is as follows:

<u>Fund</u>	<u>Description</u>	<u>Amount</u>
General	Services	\$ 6,542
Special Revenue:		
MH-DD	Services	159,196
Secondary Roads	Services	430
Solid Waste Management	Services	<u>4,865</u>
Total for governmental funds		\$ <u>171,033</u>
Agency:		
Schools	Collections	\$ 10,053,328
Corporations		5,555,310
Community Colleges		818,751
Auto License and Use Tax		416,626
County Assessor		418,236
Townships		158,389
Agricultural Extension Education		161,129
All Other		<u>119,018</u>
Total for agency funds		\$ <u>17,700,787</u>

NOTE 8: CHANGES IN LONG-TERM LIABILITIES

A summary of changes in long-term liabilities for the year ended June 30, 2006 is as follows:

	<u>General Obligation Courthouse Notes</u>	<u>Estimated Liability for Landfill Closure/ Postclosure Care Costs</u>	<u>Early Retirement</u>	<u>Compensated Absences</u>	<u>General Obligation LOSST Bonds</u>	<u>Wartburg General Obligation Economic Development Bond</u>	<u>Total</u>
Balance beginning of year	\$75,000	\$ 841,806	\$3 012	\$377,611	\$4,430,000	\$2,065,000	\$7,792,429
Increases	-	447,154	3,585	393 153	-	-	843,892
Decreases	<u>50,000</u>	<u>-</u>	<u>5,612</u>	<u>377,611</u>	<u>415,000</u>	<u>-</u>	<u>848,223</u>
Balance end of year	<u>\$25,000</u>	<u>\$1,288,960</u>	<u>\$ 985</u>	<u>\$393,153</u>	<u>\$4,015,000</u>	<u>\$2,065,000</u>	<u>\$7,788,098</u>
Due within one year	<u>\$25,000</u>	<u>\$ -</u>	<u>\$ 985</u>	<u>\$393,153</u>	<u>\$ 420,000</u>	<u>\$ -</u>	<u>\$ 839,138</u>





BREMER COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS

NOTE 8: CHANGES IN LONG-TERM LIABILITIES (Continued)

Notes Payable

A summary of the County's June 30, 2006 General Obligation indebtedness is as follows:

<u>Year Ending June 30,</u>	<u>Interest Rates</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	3.85%	\$ <u>25,000</u>	\$ <u>481</u>	\$ <u>25,481</u>

During the year ended June 30, 2006, the County retired \$50,000 of notes.

Landfill Closure Postclosure Care Costs

State and federal laws and regulations require the County to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and postclosure care costs as a liability based on landfill capacity used as of each balance sheet date. The \$1,288,960 reported as estimated liability for landfill closure and postclosure care costs at June 30, 2006, represents the cumulative amount reported to date based on the use of 98.6% of the estimated capacity of the landfill expected to be used before closure. The County will recognize the remaining estimated costs of closure and postclosure care of \$18,700 as the remaining estimated capacity is used. These amounts are based on what it would cost to perform all closure and postclosure care during the year ended June 30, 2006. The County expects to close the landfill in calendar year 2007. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

In anticipation of State regulations requiring municipal solid waste landfills to demonstrate financial responsibility for the costs of closure and postclosure care, the County has reserved \$1,757,565 of funds as of June 30, 2006 for such purposes. These funds are reflected as reserved fund balance within the Special Revenue, Solid Waste Closure Fund.

Early Retirement

The County approved an early retirement policy during the year ended June 30, 2004. Applicants must submit a written request to the department head at least 14 days prior to the date the employee wishes to retire. Eligible employees are those who are eligible to retire under the rule of IPERS or those who have a doctor certified disability. The benefits will be a lump sum which will be applicable to the continuance of the employee's health care insurance under the County plan. The lump sum calculation will be the employee's sick leave hours unused at the time of retirement (one-half of the hours for employees with less than ten years service) times one-half of the employee's last hourly pay. The County paid \$5,612 in early retirement benefits during the year ended June 30, 2006. A liability has been recorded representing the County's commitment to fund non-current early retirement obligations.

Bonds Payable

A summary of the County's June 30, 2006 General Obligation bonded indebtedness is as follows:

<u>Year Ending June 30,</u>	<u>Interest Rates</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	2.60%	\$ 420,000	\$ 153,318	\$ 573,318
2008	3.00%	435,000	142,397	577,397
2009	3.25%	160,000	129,348	289,348
2010	3.50%	165,000	124,147	289,147
2011	3.60%	170,000	115,313	285,313
2012-2016	3.70%-4.00%	945,000	493,050	1,438,050
2017-2021	4.15%-4.50%	1,175,000	283,897	1,458,897
2022-2023	4.55%-4.60%	545,000	36,818	581,818
		\$ <u>4,015,000</u>	\$ <u>1,478,288</u>	\$ <u>5,493,288</u>



BREMER COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS

NOTE 8: CHANGES IN LONG-TERM LIABILITIES (Continued)

During the year ended June 30, 2006, the County retired \$415,000 in General Obligation bonds.

During the fiscal year 2005, the County issued a General Obligation Economic Development Bond on behalf of a contractor for the purpose of building student housing at Wartburg College. Bonds are payable on June 1 and December 1 each year, interest commences December 1, 2004 principal commences on June 1, 2008.

A summary of the County's June 30, 2006 General Obligation Economic Development indebtedness is as follows:

<u>Year Ending</u> <u>June 30,</u>	<u>Interest</u> <u>Rates</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	3.25%	\$ -	\$ 81,450	\$ 81,450
2008	3.25%	95,000	81,450	176,450
2009	3.25%	100,000	78,362	178,362
2010	3.25%	100,000	75,113	175,113
2011	3.30%	105,000	71,862	176,862
2012-2016	3.50%-4.00%	595,000	300,548	895,548
2017-2021	4.05%-4.40%	730,000	172,718	902,718
2022-2023	4.50%	<u>340,000</u>	<u>23,175</u>	<u>363,175</u>
		\$ <u>2,065,000</u>	\$ <u>884,678</u>	\$ <u>2,949,678</u>

NOTE 9: OPERATING LEASE

During the current year the County entered into an agreement to lease a copier. The lease agreement calls for monthly payments over a 60 month term. Future minimum payments under the lease are as follows:

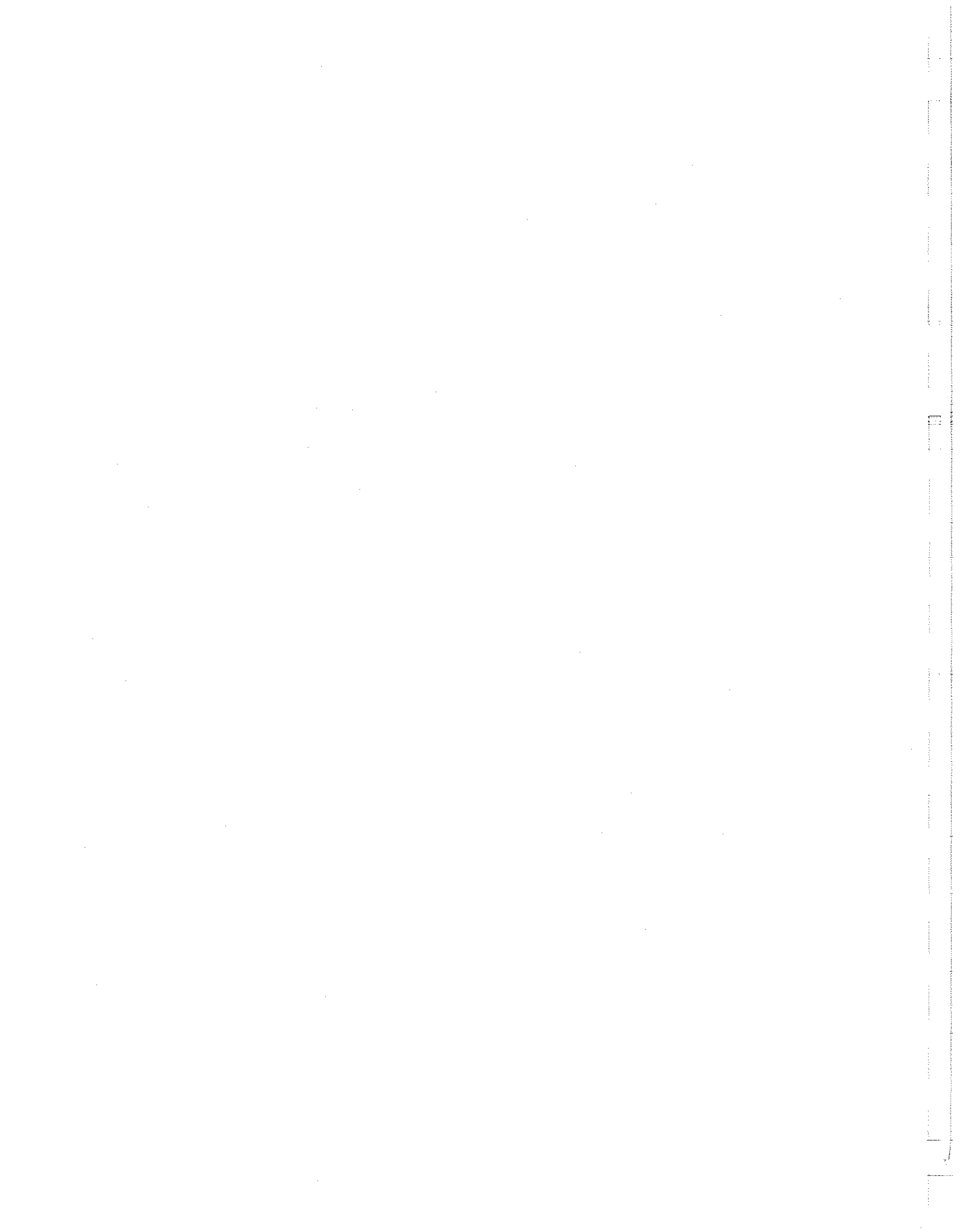
<u>Year Ending</u> <u>June 30,</u>	<u>Total</u>
2007	\$ 1,356
2008	1,356
2009	1,356
2010	1,356
2011	<u>1,130</u>
	\$ <u>6,554</u>

Payments under the operating lease totaled \$226 for the year ended June 30, 2006.

NOTE 10: PENSION AND RETIREMENT BENEFITS

The County contributes to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Most regular plan members are required to contribute 3.70% of their annual covered salary and the County is required to contribute 5.75% of covered salary. Certain employees in special risk occupations and the County contribute an actuarially determined contribution rate. Contribution requirements are established by state statute. The County's contributions to IPERS for the years ended June 30, 2006, 2005, and 2004 were \$290,515, \$277,346, and \$259,392, respectively, equal to the required contributions for each year.



BREMER COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS

NOTE 11: RISK MANAGEMENT

Bremer County, Iowa is a member in the Iowa Communities Assurance Pool, as allowed by Chapter 331.301 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 531 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property, and inland marine and boiler/machinery. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses due and payable in the current year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained to equal 300% of the total current members' basis rates or to comply with the requirements of any applicable regulatory authority having jurisdiction over the Pool.

The Pool also provides property coverage. Members who elect such coverage make annual operating contributions which are necessary to fund, on a cash basis, the Pool's general and administrative expenses and reinsurance premiums, all of which are due and payable in the current year, plus all or any portion of any deficiency in capital. Any year-end operating surplus is transferred to capital. Deficiencies in operations are offset by transfers from capital and, if insufficient, by the subsequent year's member contributions.

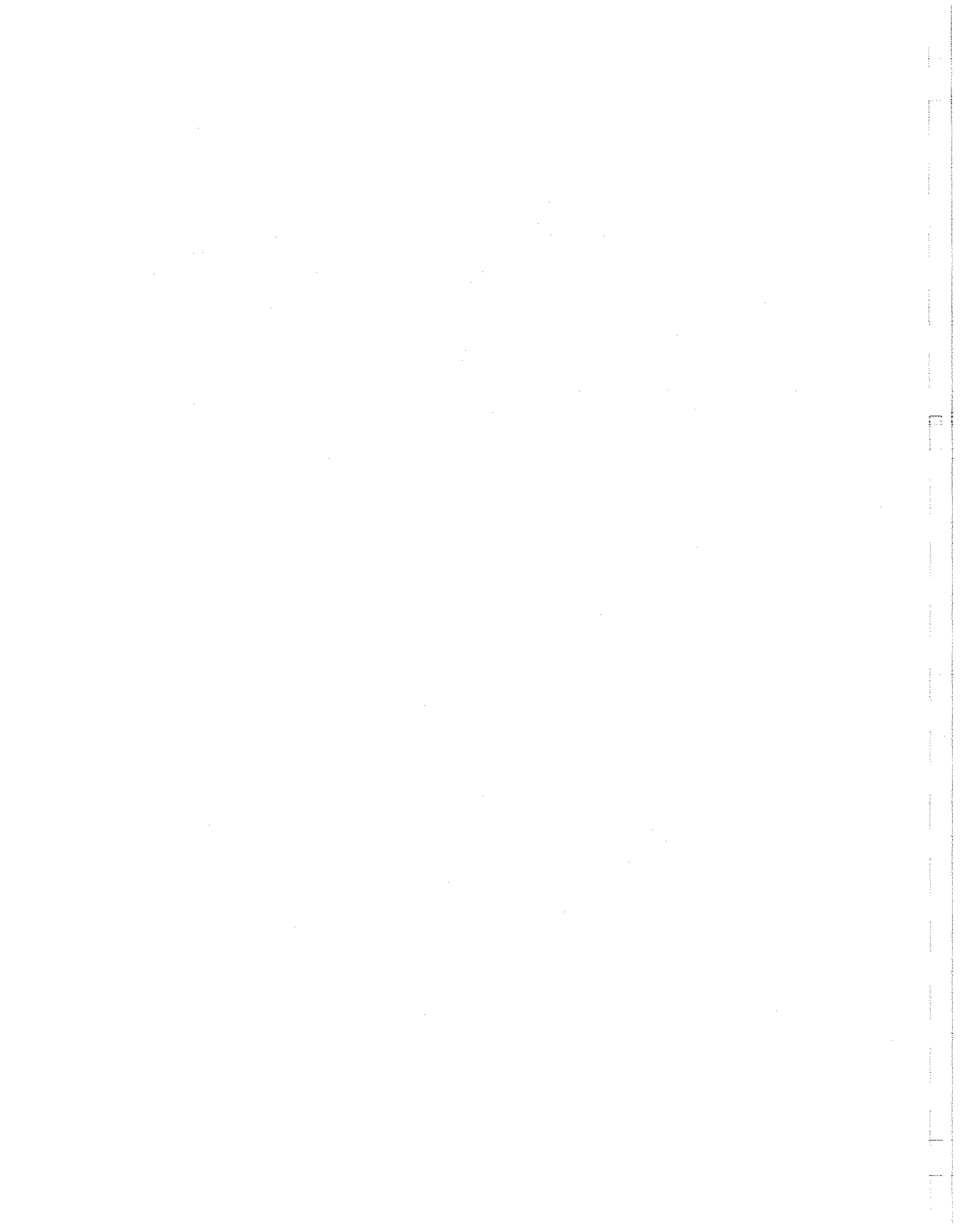
The County's property and casualty contributions to the risk pool are recorded as expenditures from its operating funds at the time of payment to the risk pool. The County's annual contributions to the Pool for the year ended June 30, 2006 were \$113,627.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$350,000 per claim. Claims exceeding \$350,000 are reinsured in an amount not to exceed \$2,650,000 per claim and \$5,000,000 in the aggregate per year. For members requiring specific coverage from \$2,000,000 to \$10,000,000, such excess coverage is also reinsured. Property and automobile physical damage risks are retained by the Pool up to \$100,000 each occurrence, each location, with excess coverage reinsured on an individual-member basis.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim or series of claims exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event that a series of casualty claims exhausts total members' equity plus any reinsurance and any excess risk-sharing recoveries, then payment of such claims shall be the obligation of the respective individual member. The County does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable that such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2006, no liability has been recorded in the County's financial statements. As of June 30, 2006, settled claims have not exceeded the risk pool or reinsurance coverage since the pool's inception.

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days prior written notice may withdraw from the Pool. Upon withdrawal, payments for all claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Members withdrawing within the first six years of membership may receive a partial refund of their capital contributions. If a member withdraws after the sixth year, the member is refunded 100% of its capital contributions. However, the refund is reduced by an amount equal to the annual operating contribution which the withdrawing member would have made for the one-year period following withdrawal.

The County also carries commercial insurance purchased from other insurers for coverage associated with workers compensation and employee blanket bond in the amount of \$5,000,000 and \$300,000, respectively. The County assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.



BREMER COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS

NOTE 12: EMPLOYEE HEALTH INSURANCE PLAN

The Internal Service, Employee Group Health Fund was established to account for the partial self funding of the County's health insurance benefit plan. This plan was funded by both employee and County contributions and is administered through a service agreement with Wellmark. The agreement is subject to automatic renewal provisions. The County assumes liability for claims up to the individual stop loss limitation of \$35,000. Claims in excess of coverage are insured through purchase of stop loss insurance.

Monthly payments of service fees and plan contributions to the Employee Group Health Fund are recorded as expenditures from the operating funds. Under the administrative service agreement, monthly payments of service fees and claims processed are paid to Wellmark from the Employee Group Health Fund. The County and employees' contributions to the fund for the year ended June 30, 2006 were \$999,362.

Amounts payable from the Employee Group Health Fund at June 30, 2006 total \$245,347 which is for incurred but not reported (IBNR) and reported but not paid claims. The amounts are based on actuarial estimates of the amounts necessary to pay prior-year and current-year claims, and to establish a reserve for catastrophic losses. That reserve was \$112,622 at June 30, 2006 and is reported as a designation of the Internal Service, Employee Group Health Fund net assets. A liability has been established based on the requirements of Government Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Settlements have not exceeded the stop-loss coverage in any of the past three years. A reconciliation of changes in the aggregate liability for claims for the current year is as follows:

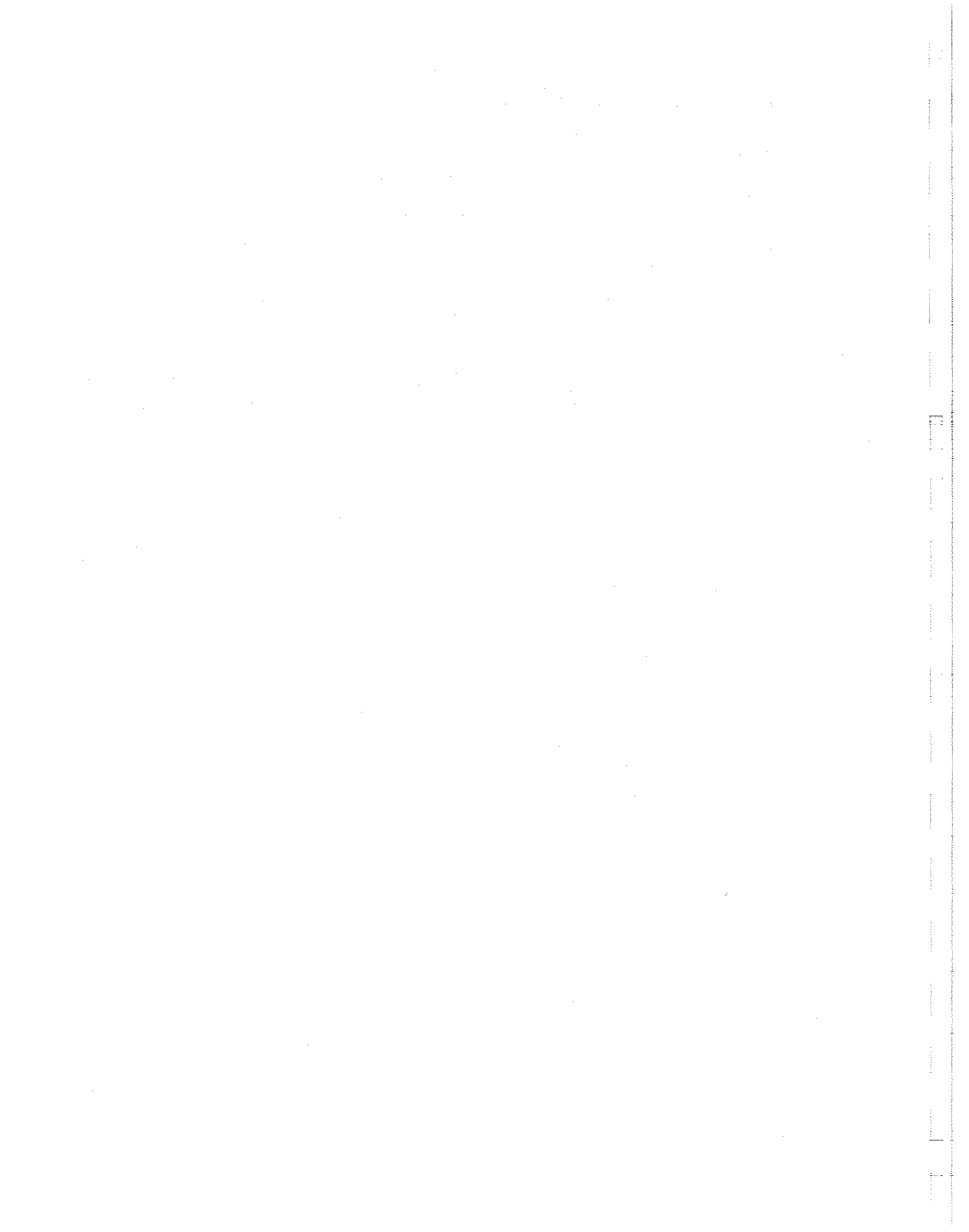
Unpaid claims beginning of year	\$ <u>247,813</u>
Incurred claims (including claims incurred but not reported as of June 30, 2006):	
Current-year events	897,110
Prior year events	<u>(30,000)</u>
Total incurred claims	<u>867,110</u>
Payments:	
Current-year events	651,763
Prior year events	<u>217,813</u>
Total payments	<u>869,576</u>
Unpaid claims end of year	\$ <u>245,347</u>

NOTE 13: RETIREMENT FACILITY REVENUE BONDS

The County has issued a total of \$17,715,000 of retirement facility revenue bonds under the provisions of Chapter 419 of the Code of Iowa. At June 30, 2006, the outstanding balance of retirement facility revenue bonds is \$17,715,000. The bonds and related interest are payable solely from the rents payable by tenants of the properties constructed and the bond principal and interest do not constitute liabilities of the County.

NOTE 14: CONSTRUCTION COMMITMENTS

During the year ended June 30, 2006, the County approved various construction change orders totaling \$166,720 and had construction contracts of \$287,747 carrying over from the prior year. Payments of \$99,655 were made on the contracts for work completed during the year ended June 30, 2006. As of June 30, 2006, the County had remaining construction commitments of \$220,682, including retainage, with payments on the contracts to be made as the work is completed.





## REQUIRED SUPPLEMENTARY INFORMATION



BREMER COUNTY, IOWA

BUDGETARY COMPARISON SCHEDULE OF  
RECEIPTS, DISBURSEMENTS AND CHANGES IN BALANCES -  
BUDGET AND ACTUAL (CASH BASIS) - ALL GOVERNMENTAL FUNDS  
REQUIRED SUPPLEMENTARY INFORMATION  
YEAR ENDED JUNE 30, 2006

		Budgeted Amounts		Final to Actual
	Actual	Original	Final	Variance
<u>RECEIPTS:</u>				
Property and other County tax	\$ 6,284,330	\$ 6,197,517	\$ 6,197,517	\$ 86,813
Interest and penalty on property tax	40,661	8,200	8,200	32,461
Intergovernmental	3,763,217	3,840,135	3,845,841	(82,624)
Licenses and permits	255,321	264,850	264,850	(9,529)
Charges for service	1,194,022	1,113,864	1,113,864	80,158
Use of money and property	347,387	237,885	237,885	109,502
Miscellaneous	374,165	571,565	776,922	(402,757)
Total receipts	<u>12,259,103</u>	<u>12,234,016</u>	<u>12,445,079</u>	<u>(185,976)</u>
<u>DISBURSEMENTS:</u>				
Public safety and legal services	2,256,500	2,409,774	2,425,286	168,786
Physical health and social services	490,484	515,247	556,987	66,503
Mental health	1,555,799	1,700,094	1,742,060	186,261
County environment and education	1,085,758	1,291,570	1,296,002	210,244
Roads and transportation	3,362,662	3,363,900	3,363,900	1,238
Governmental services to residents	476,186	492,140	516,142	39,956
Administration	1,629,460	1,325,441	1,761,584	132,124
Debt service	713,349	712,549	712,549	(800)
Capital projects	1,241,077	1,587,000	1,852,800	611,723
Total disbursements	<u>12,811,275</u>	<u>13,397,715</u>	<u>14,227,310</u>	<u>1,416,035</u>
Deficiency of receipts under disbursements	(552,172)	(1,163,699)	(1,782,231)	(1,602,011)
Other financing sources (uses), net	<u>17,249</u>	<u>-</u>	<u>17,428</u>	<u>(179)</u>
Deficiency of receipts and other financing sources under disbursements and other financing uses	(534,923)	(1,163,699)	(1,764,803)	(1,602,190)
<u>BALANCE</u> - Beginning of year	<u>9,321,326</u>	<u>7,014,626</u>	<u>7,014,626</u>	<u>2,306,700</u>
<u>BALANCE</u> - End of year	\$ 8,786,403	\$ 5,850,927	\$ 5,249,823	\$ 704,510



BREMER COUNTY, IOWA

BUDGET TO GAAP RECONCILIATION  
REQUIRED SUPPLEMENTARY INFORMATION  
YEAR ENDED JUNE 30, 2006

	<u>Governmental Funds</u>		
	<u>Cash Basis</u>	<u>Accrual Adjustments</u>	<u>Modified Accrual Basis</u>
Revenues	\$ 12,259,103	\$ (110,917)	\$ 12,148,186
Expenditures	<u>12,811,275</u>	<u>220,915</u>	<u>13,032,190</u>
Net	(552,172)	(331,832)	(884,004)
Other financing sources (uses)	17,249	-	17,249
Beginning fund balance	<u>9,321,326</u>	<u>272,299</u>	<u>9,593,625</u>
Ending fund balance	\$ <u>8,786,403</u>	\$ <u>(59,533)</u>	\$ <u>8,726,870</u>



BREMER COUNTY, IOWA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – BUDGETARY REPORTING

YEAR ENDED JUNE 30, 2006

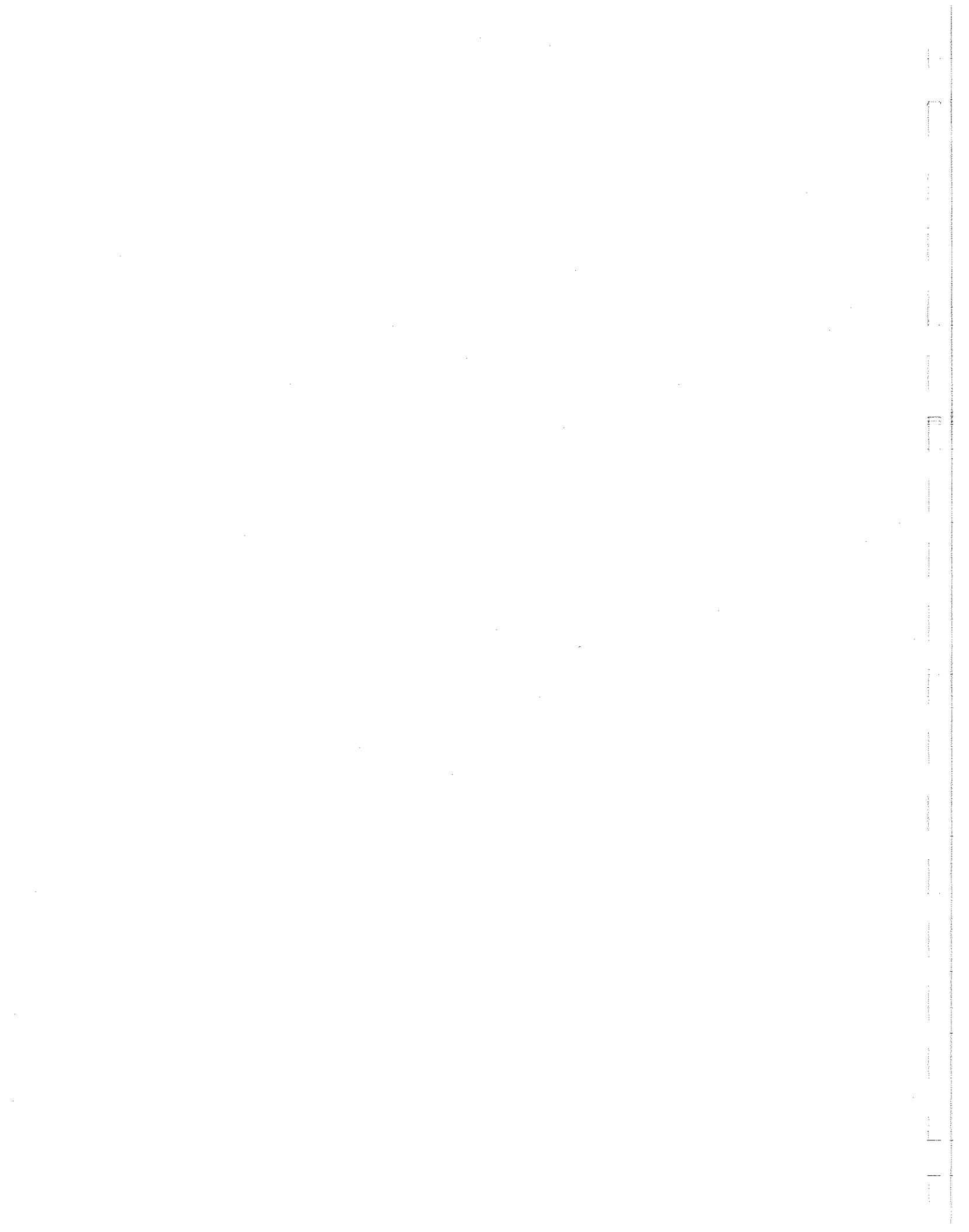
The budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the County Board of Supervisors annually adopts a budget on the cash basis following required public notice and hearing for all funds except blended component units and Agency Funds, and appropriates the amount deemed necessary for each of the different County offices and departments. The budget may be amended during the year utilizing similar statutorily prescribed procedures. Encumbrances are not recognized on the cash basis budget and appropriations lapse at year end.

Formal and legal budgetary control is based upon ten major classes of expenditures known as functions, not by fund. These ten functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund and the Capital Projects Fund. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, two budget amendments increased budgeted disbursements by \$829,595. These budget amendments are reflected in the final budgeted amounts.

In addition, annual budgets are similarly adopted in accordance with the Code of Iowa by the appropriate governing body as indicated: for the County Extension Office by the County Agricultural Extension Council, for the County Assessor by the County Conference Board, for the E911 System by the Joint E911 Service Board and for Emergency Management Services by the County Emergency Management Commission.

During the year ended June 30, 2006, disbursements exceeded the amounts budgeted in the debt service function.



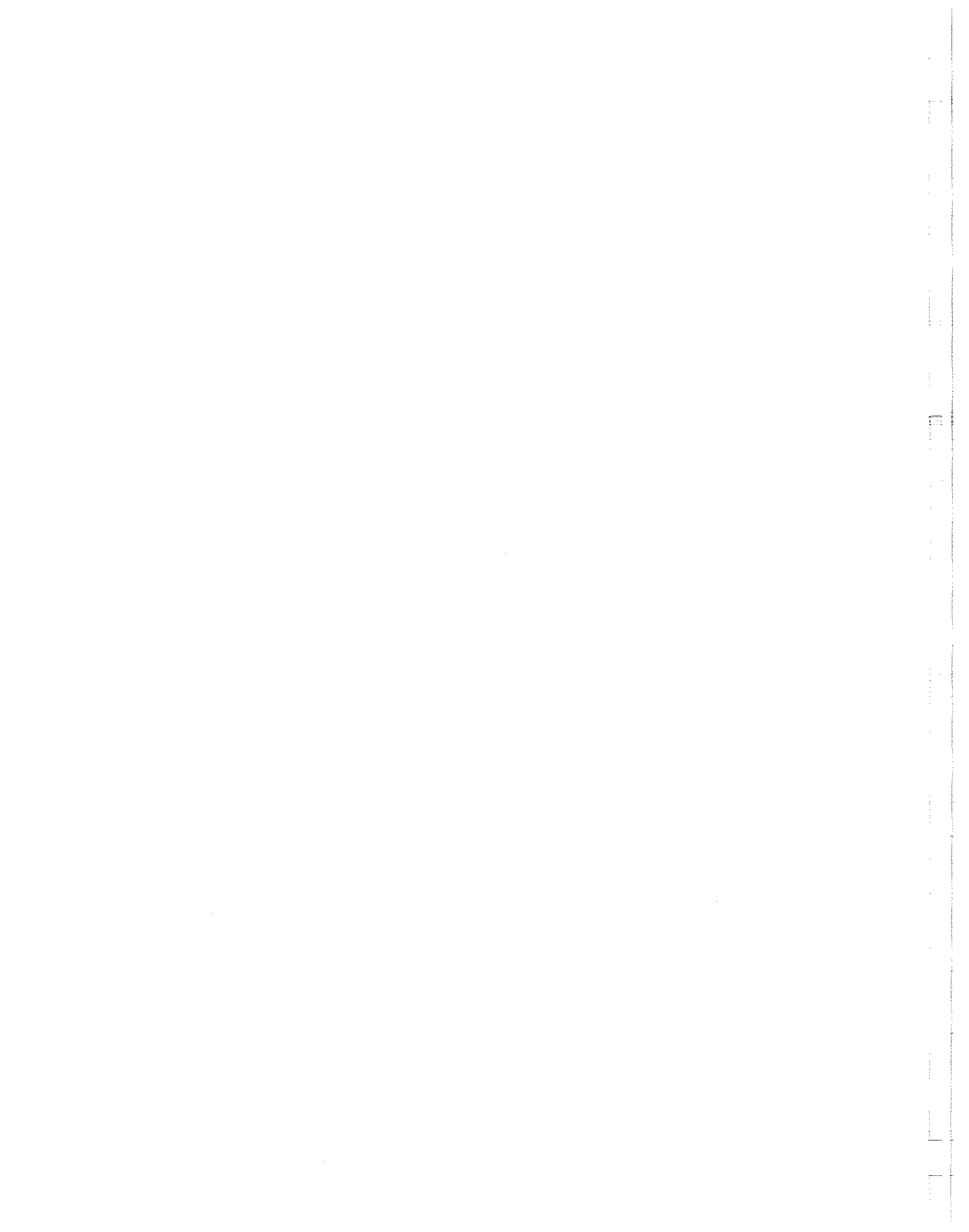


## OTHER SUPPLEMENTARY INFORMATION

BREMER COUNTY, IOWA  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 JUNE 30, 2006

	Special Revenue				
	LOSST	Urban Renewal	Federal Drug Money	Tri County Drug Money	LOSST Sinking Fund
<u>ASSETS</u>					
Cash and pooled investments	\$ 795,042	\$ 14,101	\$ 6,989	\$ 27,918	\$ 26,143
Receivables:					
Property tax:					
Delinquent	-	-	-	-	-
Succeeding year	-	-	-	-	-
Due from other governments	60,338	-	-	-	-
Due from other funds	-	-	-	-	-
Accrued interest	2,909	-	10	116	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
TOTAL ASSETS	\$ 858,289	\$ 14,101	\$ 6,999	\$ 28,034	\$ 26,143
<u>LIABILITIES AND FUND EQUITY</u>					
<u>LIABILITIES:</u>					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Deferred revenue:					
Succeeding year property tax	-	-	-	-	-
Other	-	-	-	-	-
Total liabilities	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<u>FUND BALANCES:</u>					
Reserved for debt service	-	-	-	-	-
Unreserved, reported in:					
Special revenue	858,289	14,101	6,999	28,034	26,143
Capital projects	-	-	-	-	-
Total fund equity	<u>858,289</u>	<u>14,101</u>	<u>6,999</u>	<u>28,034</u>	<u>26,143</u>
TOTAL LIABILITIES AND FUND EQUITY	\$ 858,289	\$ 14,101	\$ 6,999	\$ 28,034	\$ 26,143

Special Revenue								
<u>LOSST Reserve Fund</u>	<u>Economic Revolving Fund</u>	<u>Resource Enhancement and Protection</u>	<u>Recorder's Records Management</u>	<u>Recorder's Electronic Transactions</u>	<u>Rural Enterprise</u>	<u>Solid Waste Fee</u>	<u>Drainage Districts</u>	<u>Conservation Land Acquisition</u>
\$ 511,862	\$ 119,658	\$ 24 601	\$ 25 550	\$ 1,591	\$ 18 177	\$ 27 058	\$ 2,719	\$ 127,536
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	3,243	-	-
-	208	38	478	2	-	-	-	-
\$ <u>511,862</u>	\$ <u>119,866</u>	\$ <u>24,639</u>	\$ <u>26,028</u>	\$ <u>1,593</u>	\$ <u>18,177</u>	\$ <u>30,301</u>	\$ <u>2,719</u>	\$ <u>127,536</u>
\$ -	\$ -	\$ 2,506	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	2,506	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
511,862	119,866	22,133	26,028	1,593	18,177	30 301	2,719	127,536
-	-	-	-	-	-	-	-	-
<u>511,862</u>	<u>119,866</u>	<u>22,133</u>	<u>26,028</u>	<u>1,593</u>	<u>18,177</u>	<u>30,301</u>	<u>2,719</u>	<u>127,536</u>
\$ <u>511,862</u>	\$ <u>119,866</u>	\$ <u>24,639</u>	\$ <u>26,028</u>	\$ <u>1,593</u>	\$ <u>18,177</u>	\$ <u>30,301</u>	\$ <u>2,719</u>	\$ <u>127,536</u>



## BREMER COUNTY, IOWA

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2006

	Debt Service Fund	Capital Projects Law Center Construction Fund	Total
<u>ASSETS</u>			
Cash and pooled investments	\$ 22,612	\$ 268,595	\$ 2,020,152
Receivables:			
Property tax:			
Delinquent	253	-	253
Succeeding year	51,254	-	51,254
Due from other governments	-	-	60,338
Due from other funds	-	-	3,243
Accrued interest	-	6,731	10,492
<b>TOTAL ASSETS</b>	<b>\$ 74,119</b>	<b>\$ 275,326</b>	<b>\$ 2,145,732</b>
<u>LIABILITIES AND FUND EQUITY</u>			
<u>LIABILITIES:</u>			
Accounts payable	\$ -	\$ 3,922	\$ 6,428
Deferred revenue:			
Succeeding year property tax	51,254	-	51,254
Other	253	-	253
Total liabilities	51,507	3,922	57,935
<u>FUND BALANCES:</u>			
Reserved for debt service	22,612	-	22,612
Unreserved, reported in:			
Special revenue	-	-	1,793,781
Capital projects	-	271,404	271,404
Total fund equity	22,612	271,404	2,087,797
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b>\$ 74,119</b>	<b>\$ 275,326</b>	<b>\$ 2,145,732</b>

BREMER COUNTY, IOWA

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2006

	Special Revenue			
	<u>LOSST</u>	<u>Urban Renewal</u>	<u>Federal Drug Money</u>	<u>Tri County Drug Money</u>
<b><u>REVENUES:</u></b>				
Property and other County tax	\$ 655,722	\$ 12,502	\$ -	\$ -
Intergovernmental	189,965	-	-	5,650
Licenses and permits	-	-	-	-
Charges for service	-	876	-	-
Use of money and property	20,248	-	36	414
Miscellaneous	-	-	-	-
Total revenues	<u>865,935</u>	<u>13,378</u>	<u>36</u>	<u>6,064</u>
<b><u>EXPENDITURES:</u></b>				
Operating:				
Public safety and legal services	-	-	2,088	-
County environment and education	-	-	-	-
Governmental services to residents	-	-	-	-
Debt service	-	81,850	-	-
Capital projects	-	-	-	-
Total expenditures	<u>-</u>	<u>81,850</u>	<u>2,088</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>865,935</u>	<u>(68,472)</u>	<u>(2,052)</u>	<u>6,064</u>
Other financing sources (uses):				
Operating transfers in	-	-	-	-
Operating transfers out	<u>(1,176,645)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(1,176,645)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(310,710)	(68,472)	(2,052)	6,064
<b><u>FUND BALANCES</u></b> - Beginning of year	<u>1,168,999</u>	<u>82,573</u>	<u>9,051</u>	<u>21,970</u>
<b><u>FUND BALANCES</u></b> - End of year	\$ <u>858,289</u>	\$ <u>14,101</u>	\$ <u>6,999</u>	\$ <u>28,034</u>

Special Revenue						
LOSST Sinking Fund	LOSST Reserve Fund	Economic Revolving Fund	Resource Enhancement and Protection	Recorder's Records Management	Recorder's Electronic Transactions	Rural Enterprise
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	6,074	-	-	-
-	-	-	-	-	-	-
-	-	-	-	5,147	-	-
-	6,179	16,148	356	835	47	1,100
-	-	-	-	-	-	-
<u>-</u>	<u>6,179</u>	<u>16,148</u>	<u>6,430</u>	<u>5,982</u>	<u>47</u>	<u>1,100</u>
-	-	-	-	-	-	-
-	-	-	14,033	-	-	-
-	-	-	-	-	14,291	-
579,092	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>579,092</u>	<u>-</u>	<u>-</u>	<u>14,033</u>	<u>-</u>	<u>14,291</u>	<u>-</u>
(579,092)	6,179	16,148	(7,603)	5,982	(14,244)	1,100
576,645	-	-	-	-	-	-
-	-	-	-	(3,745)	-	-
<u>576,645</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,745)</u>	<u>-</u>	<u>-</u>
(2,447)	6,179	16,148	(7,603)	2,237	(14,244)	1,100
<u>28,590</u>	<u>505,683</u>	<u>103,718</u>	<u>29,736</u>	<u>23,791</u>	<u>15,837</u>	<u>17,077</u>
\$ <u>26,143</u>	\$ <u>511,862</u>	\$ <u>119,866</u>	\$ <u>22,133</u>	\$ <u>26,028</u>	\$ <u>1,593</u>	\$ <u>18,177</u>

BREMER COUNTY, IOWA

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2006

	<u>Special Revenue</u>		
	<u>Solid Waste Fee</u>	<u>Drainage Districts</u>	<u>Conservation Land Acquisition</u>
<u>REVENUES:</u>			
Property and other County tax	\$ -	\$ -	\$ -
Intergovernmental	12,395	-	1,800
Licenses and permits	-	-	-
Charges for service	-	-	43,748
Use of money and property	-	-	2,670
Miscellaneous	-	-	8,400
Total revenues	<u>12,395</u>	<u>-</u>	<u>56,618</u>
<u>EXPENDITURES:</u>			
Operating:			
Public safety and legal services	-	-	-
County environment and education	-	-	44,802
Governmental services to residents	-	-	-
Debt service	-	-	-
Capital projects	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>44,802</u>
Excess (deficiency) of revenues over (under) expenditures	<u>12,395</u>	<u>-</u>	<u>11,816</u>
Other financing sources (uses):			
Operating transfers in	-	-	-
Operating transfers out	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	12,395	-	11,816
<u>FUND BALANCES</u> - Beginning of year	<u>17,906</u>	<u>2,719</u>	<u>115,720</u>
<u>FUND BALANCES</u> - End of year	\$ <u>30,301</u>	\$ <u>2,719</u>	\$ <u>127,536</u>



Schedule 2 (Continued)

Debt Service Fund	<u>Capital Projects</u>	
	Law Center Construction Fund	Total
\$ 49,900	\$ -	\$ 718,124
-	-	215,884
2,577	-	2,577
-	-	49,771
-	10,117	58,150
-	-	8,400
<u>52,477</u>	<u>10,117</u>	<u>1,052,906</u>
-	-	2,088
-	-	58,835
-	-	14,291
52,406	-	713,348
-	<u>796,075</u>	<u>796,075</u>
<u>52,406</u>	<u>796,075</u>	<u>1,584,637</u>
<u>71</u>	<u>(785,958)</u>	<u>(531,731)</u>
-	400,000	976,645
-	-	<u>(1,180,390)</u>
-	<u>400,000</u>	<u>(203,745)</u>
71	(385,958)	(735,476)
<u>22,541</u>	<u>657,362</u>	<u>2,823,273</u>
\$ <u>22,612</u>	\$ <u>271,404</u>	\$ <u>2,087,797</u>

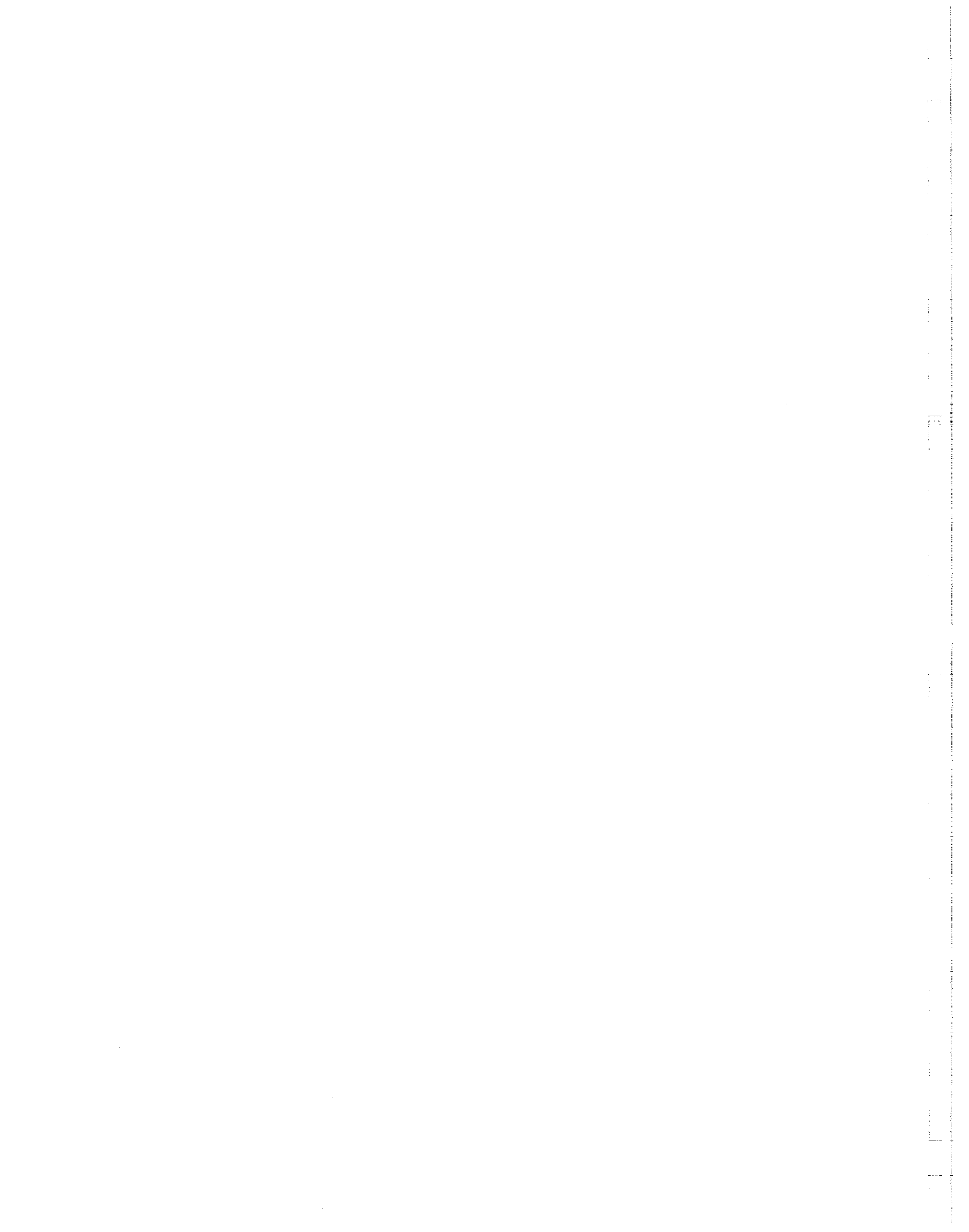
BREMER COUNTY, IOWA

COMBINING SCHEDULE OF FIDUCIARY ASSETS AND LIABILITIES  
AGENCY FUNDS  
JUNE 30, 2006

	<u>County Offices</u>		<u>Agricultural</u>
	<u>County</u>	<u>County</u>	<u>Extension</u>
	<u>Auditor</u>	<u>Sheriff</u>	<u>Education</u>
<u>ASSETS</u>			
Cash and pooled investments:			
County Treasurer	\$ -	\$ -	\$ 1,723
Other County officials	25,099	16,795	-
Receivables:			
Property tax:			
Delinquent	-	-	1
Succeeding year	-	-	159,405
	<u>-</u>	<u>-</u>	<u>159,405</u>
TOTAL ASSETS	\$ <u>25,099</u>	\$ <u>16,795</u>	\$ <u>161,129</u>
<u>LIABILITIES</u>			
Accounts payable	\$ -	\$ -	\$ -
Due to other governments	-	-	161,129
Trusts payable	25,099	16,795	-
Salaries and benefits payable	-	-	-
Compensated absences	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES	\$ <u>25,099</u>	\$ <u>16,795</u>	\$ <u>161,129</u>

Schedule 3

<u>County Assessor</u>	<u>Schools</u>	<u>Community Colleges</u>	<u>Corporations</u>	<u>Townships</u>	<u>City Special Assessments</u>
\$ 111,512	\$ 104,234	\$ 8,520	\$ 51,826	\$ 1,766	\$ 4,691
-	-	-	-	-	-
1	70	6	69	-	-
<u>336,842</u>	<u>9,949,024</u>	<u>810,225</u>	<u>5,503,415</u>	<u>156,623</u>	<u>-</u>
\$ <u>448,355</u>	\$ <u>10,053,328</u>	\$ <u>818,751</u>	\$ <u>5,555,310</u>	\$ <u>158,389</u>	\$ <u>4,691</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
418,236	10,053,328	818,751	5,555,310	158,389	4,691
-	-	-	-	-	-
10,625	-	-	-	-	-
<u>19,494</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
\$ <u>448,355</u>	\$ <u>10,053,328</u>	\$ <u>818,751</u>	\$ <u>5,555,310</u>	\$ <u>158,389</u>	\$ <u>4,691</u>



BREMER COUNTY, IOWA

COMBINING SCHEDULE OF FIDUCIARY ASSETS AND LIABILITIES  
AGENCY FUNDS  
JUNE 30, 2006

<u>ASSETS</u>	Auto License and Use Tax	Other	<u>Total</u>
Cash and pooled investments:			
County Treasurer	\$ 416,626	\$ 125,063	\$ 825,961
Other County officials	-	-	41,894
Receivables:			
Accrued interest	-	195	195
Property tax:			
Delinquent	-	1	148
Succeeding year	-	3,047	16,918,581
 TOTAL ASSETS	 \$ 416,626	 \$ 128,306	 \$ 17,786,779
 <u>LIABILITIES</u>			
Accounts payable	\$ -	\$ 412	\$ 412
Due to other governments	416,626	114,327	17,700,787
Trusts payable	-	-	41,894
Salaries and benefits payable	-	2,687	13,312
Compensated absences	-	10,880	30,374
 TOTAL LIABILITIES	 \$ 416,626	 \$ 128,306	 \$ 17,786,779

BREMER COUNTY, IOWA

COMBINING SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES

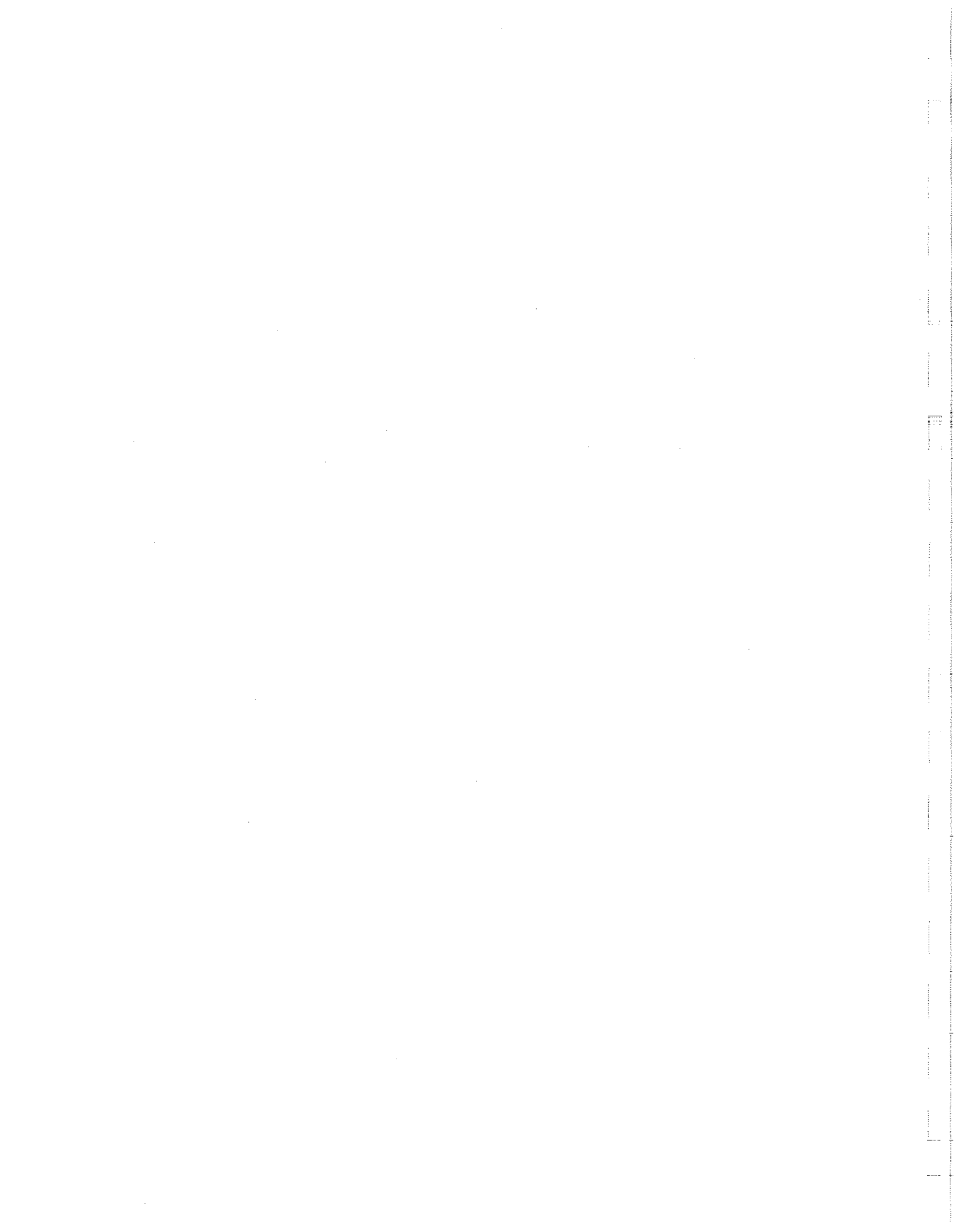
AGENCY FUNDS

YEAR ENDED JUNE 30, 2006

<u>ASSETS AND LIABILITIES</u>	<u>County Offices</u>		
	<u>County Recorder</u>	<u>County Auditor</u>	<u>County Sheriff</u>
Balances beginning of year	\$ <u>(917)</u>	\$ <u>25,373</u>	\$ <u>14,059</u>
Additions:			
Property and other County tax	-	-	-
E911 surcharge	-	-	-
State tax credits	-	-	-
Office fees and collections	368,634	-	-
Auto licenses, use tax and postage	-	-	-
Assessments	-	-	-
Trusts	-	891	862,097
Miscellaneous	<u>410</u>	<u>-</u>	<u>-</u>
Total additions	<u>369,044</u>	<u>891</u>	<u>862,097</u>
Deductions:			
Agency remittances:			
To other governments	113,493	-	-
Trusts paid out	<u>254,634</u>	<u>1,165</u>	<u>859,361</u>
Total deductions	<u>368,127</u>	<u>1,165</u>	<u>859,361</u>
Balances end of year	\$ <u>-</u>	\$ <u>25,099</u>	\$ <u>16,795</u>

## Schedule 4

<u>Agricultural Extension Education</u>	<u>County Assessor</u>	<u>Schools</u>	<u>Community Colleges</u>	<u>Corporations</u>	<u>Townships</u>	<u>City Special Assessments</u>
\$ 154,509	\$ 542,760	\$ 9,159,808	\$ 769,917	\$ 5,960,362	\$ 148,954	\$ 6,256
163,425	343,126	10,176,371	830,398	5,631,718	161,766	-
-	-	-	-	-	-	-
8,378	23,593	497,846	41,304	271,005	8,443	-
-	581	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	137,782
-	-	-	-	-	-	-
-	25,700	-	-	-	-	-
<u>171,803</u>	<u>393,000</u>	<u>10,674,217</u>	<u>871,702</u>	<u>5,902,723</u>	<u>170,209</u>	<u>137,782</u>
165,183	487,405	9,780,697	822,868	6,307,775	160,774	139,347
-	-	-	-	-	-	-
<u>165,183</u>	<u>487,405</u>	<u>9,780,697</u>	<u>822,868</u>	<u>6,307,775</u>	<u>160,774</u>	<u>139,347</u>
\$ 161,129	\$ 448,355	\$ 10,053,328	\$ 818,751	\$ 5,555,310	\$ 158,389	\$ 4,691

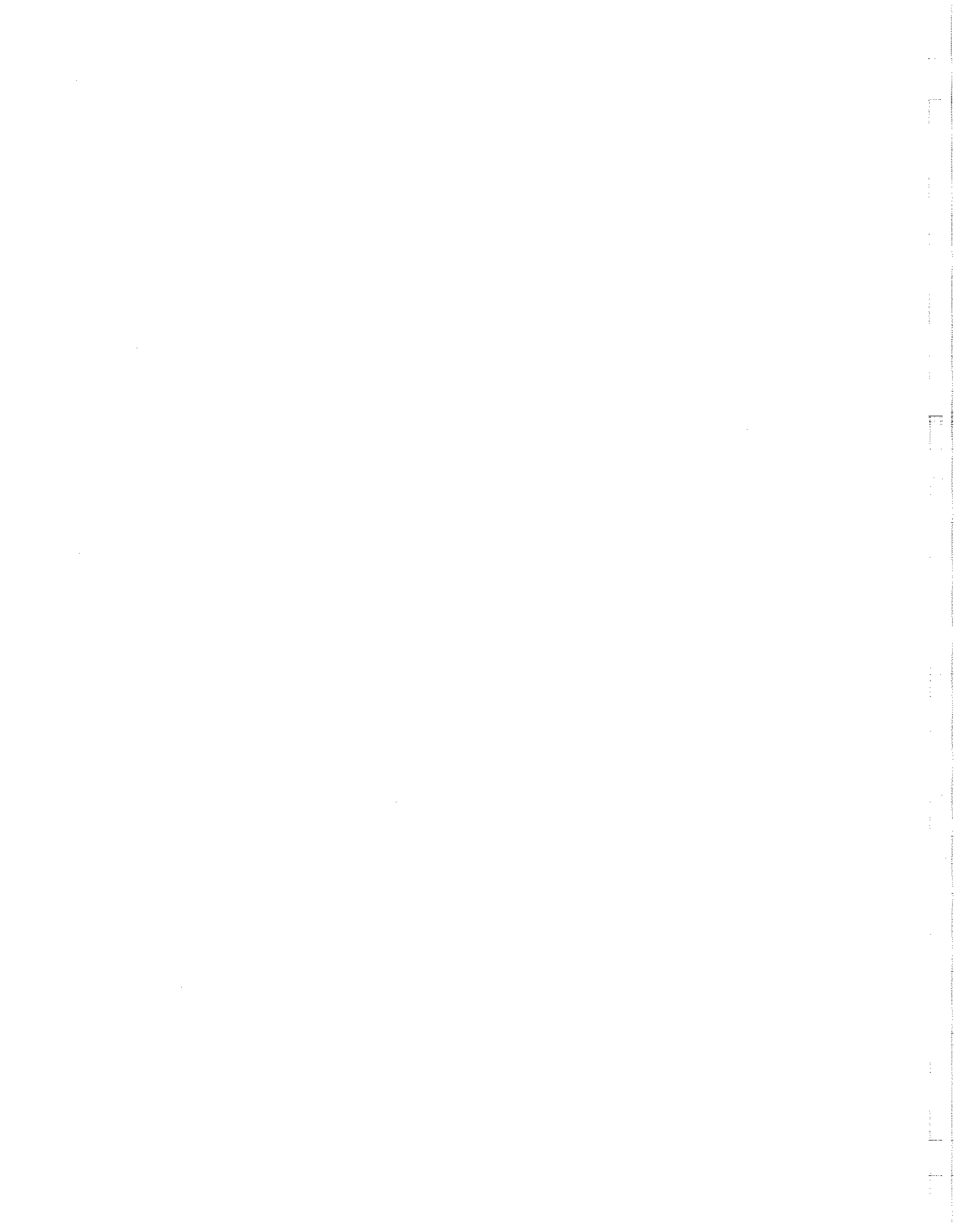




## BREMER COUNTY, IOWA

COMBINING SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES  
AGENCY FUNDS  
YEAR ENDED JUNE 30, 2006

<u>ASSETS AND LIABILITIES</u>	Auto License and Use Tax	Other	Total
Balances beginning of year	\$ <u>458,718</u>	\$ <u>225,907</u>	\$ <u>17,465,706</u>
Additions:			
Property and other County tax	-	113,570	17,420,374
E911 surcharge	-	71,633	71,633
State tax credits	-	154	850,723
Office fees and collections	-	5,840	375,055
Auto licenses, use tax and postage	5,326,056	-	5,326,056
Assessments	-	-	137,782
Trusts	-	74,215	937,203
Miscellaneous	-	1,539	27,649
Total additions	<u>5,326,056</u>	<u>266,951</u>	<u>25,146,475</u>
Deductions:			
Agency remittances:			
To other governments	5,368,148	353,947	23,699,637
Trusts paid out	-	10,605	1,125,765
Total deductions	<u>5,368,148</u>	<u>364,552</u>	<u>24,825,402</u>
Balances end of year	\$ <u>416,626</u>	\$ <u>128,306</u>	\$ <u>17,786,779</u>



## BREMER COUNTY, IOWA

**SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION -  
ALL GOVERNMENTAL FUNDS  
FOR THE LAST SIX YEARS**

	Modified Accrual Basis					
	2006	2005	2004	2003	2002	2001
<b>REVENUES:</b>						
Property and other County tax	\$ 6,284,298	\$ 6,052,821	\$ 5,207,785	\$ 4,282,234	\$ 3,932,252	\$ 3,774,894
Interest and penalty on property tax	40,636	42,804	44,451	44,487	46,391	44,020
Intergovernmental	3,731,301	4,880,199	3,644,926	3,574,954	3,921,006	4,383,594
Licenses and permits	221,814	200,170	155,811	137,844	135,170	114,515
Charges for service	1,184,065	1,229,355	1,274,480	1,167,851	924,484	836,128
Use of money and property	317,050	266,886	223,839	256,342	385,377	518,850
Fines, forfeitures and defaults	2,629	-	-	-	-	-
Miscellaneous	366,393	298,883	373,885	210,365	120,897	180,847
Total	\$ <u>12,148,186</u>	\$ <u>12,971,118</u>	\$ <u>10,925,177</u>	\$ <u>9,674,077</u>	\$ <u>9,465,577</u>	\$ <u>9,852,848</u>
<b>EXPENDITURES:</b>						
Operating:						
Public safety and legal services	\$ 2,313,922	\$ 1,953,695	\$ 1,890,744	\$ 1,615,367	\$ 1,507,052	\$ 1,408,421
Physical health and social services	512,458	465,340	483,770	411,970	459,202	433,339
Mental health	1,567,486	1,416,369	1,531,881	1,530,660	1,489,916	1,808,004
County environment and education	1,138,378	3,177,166	1,281,420	920,217	1,181,270	1,491,882
Roads and transportation	3,569,534	3,401,696	3,377,603	2,962,086	2,896,916	3,073,668
Governmental services to residents	382,663	462,790	457,446	382,252	356,189	313,480
Administration	1,666,265	1,002,011	1,081,711	1,686,453	1,435,514	1,632,714
Non-program	-	3,991	-	-	-	29,987
Debt service	713,348	700,218	965,218	58,181	60,106	62,032
Capital projects	1,168,136	3,001,102	1,994,118	533,767	708,084	301,052
Total	\$ <u>13,032,190</u>	\$ <u>15,584,378</u>	\$ <u>13,063,911</u>	\$ <u>10,100,953</u>	\$ <u>10,094,249</u>	\$ <u>10,554,579</u>





ANDERSON, LARKIN & CO. P.C.  
Certified Public Accountants  
*"Achieving your goals with our knowledge."*

Kenneth E. Crosser, CPA  
April D. Hammack, CPA  
Michael J. Podliska, CPA

David W. Goodman, CPA (Former Principal)  
Robert E. Wells, CPA (Retired)

C. Kenneth Anderson, CPA (1952-1977)  
Joseph C. Larkin, CPA (1960-1990)

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHERS MATTERS BASED ON  
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

To the Officials of Bremer County, Iowa:

We have audited the accompanying financial statements of the government activities, each major fund and the aggregate remaining fund information of Bremer County, Iowa, as of and for the year ended June 30, 2006, which collectively comprise the County's basic financial statements listed in the table of contents and have issued our report thereon dated September 15, 2006. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Bremer County, Iowa's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Bremer County, Iowa's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in Part II of the accompanying Schedule of Findings.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we believe item 06-II-A is a material weakness.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Bremer County, Iowa's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance or other matters that are described in Part III of the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2006 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the County. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

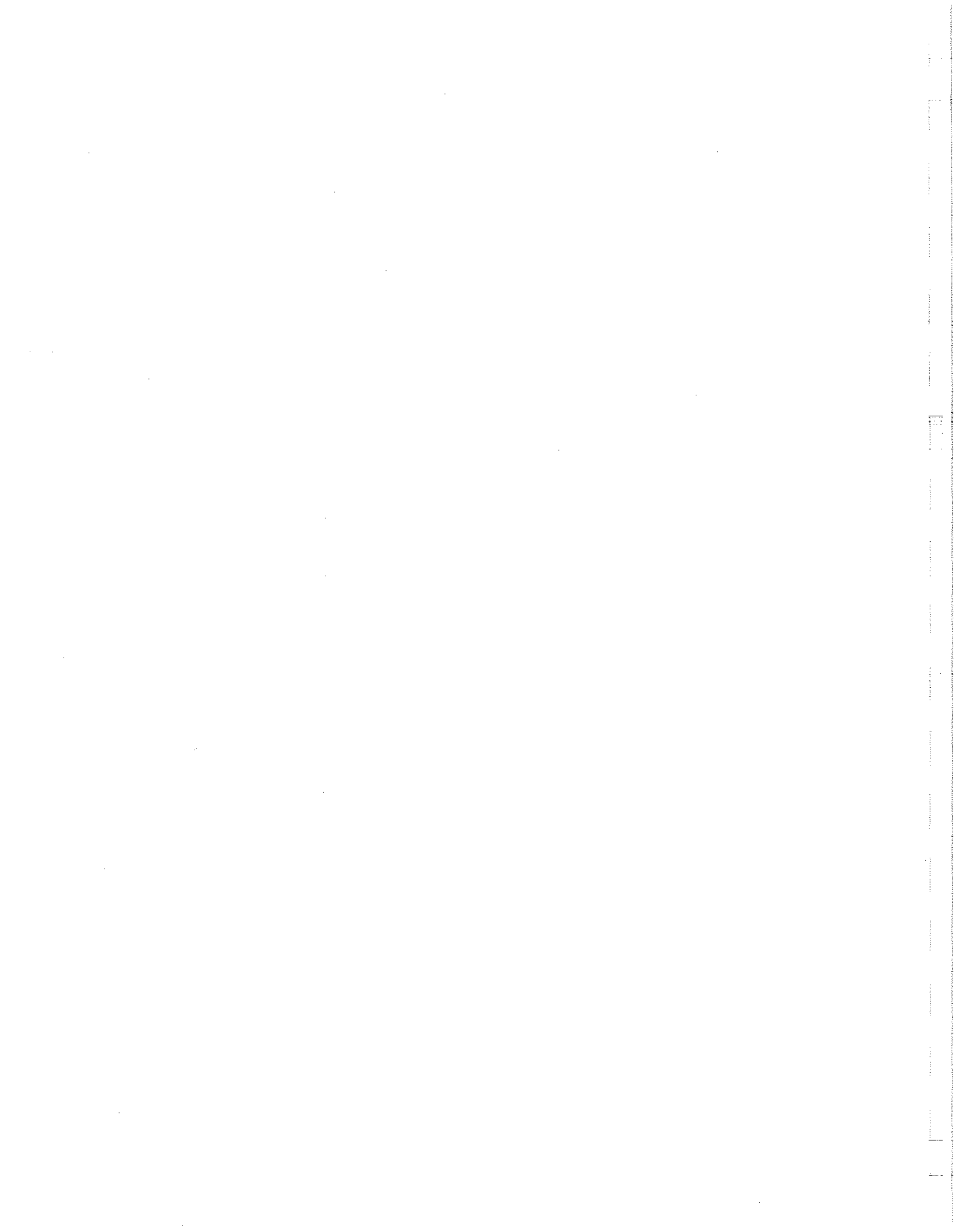


This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Bremer County, Iowa and other parties to whom Bremer County, Iowa may report including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Bremer County, Iowa during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

ANDERSON, LARKIN & CO. P.C.

Ottumwa, Iowa  
September 15, 2006





BREMER COUNTY, IOWA  
SCHEDULE OF FINDINGS  
YEAR ENDED JUNE 30, 2006

Part I: Summary of the Independent Auditor's Results

- a. Unqualified opinions were issued on the financial statements.
- b. Reportable conditions in internal control over financial reporting were disclosed by the audit of the financial statements, including a material weakness.
- c. The audit did not disclose any noncompliance which is material to the financial statements.

Part II: Findings Related to the Financial Statements

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

REPORTABLE CONDITIONS:

- 06-II-A Segregation of Duties – During our review of internal control, the existing procedures are evaluated in order to determine that incompatible duties, from a control standpoint, are not performed by the same employee. This segregation of duties helps to prevent losses from employee error or dishonesty and, therefore, maximizes the accuracy of the County's financial statements.

Recommendation – We realize that with a limited number of office employees, segregation of duties is difficult. However, the County Officials should review the operating procedures of each office to obtain the maximum internal control possible under the circumstances.

Response – We will review procedures and make changes to improve internal control as appropriate and possible

Conclusion – Response accepted.

Part III: Other Findings Related to Required Statutory Reporting

- 06-III-A Certified Budget – Disbursements during the year ended June 30, 2006 exceeded the amounts budgeted in the debt service function.

Recommendation – The budget should have been amended in accordance with Chapter 331 435 of the Code of Iowa before disbursements were allowed to exceed the budget.

Response – We will monitor the budget more closely and amend the budget when necessary in the future

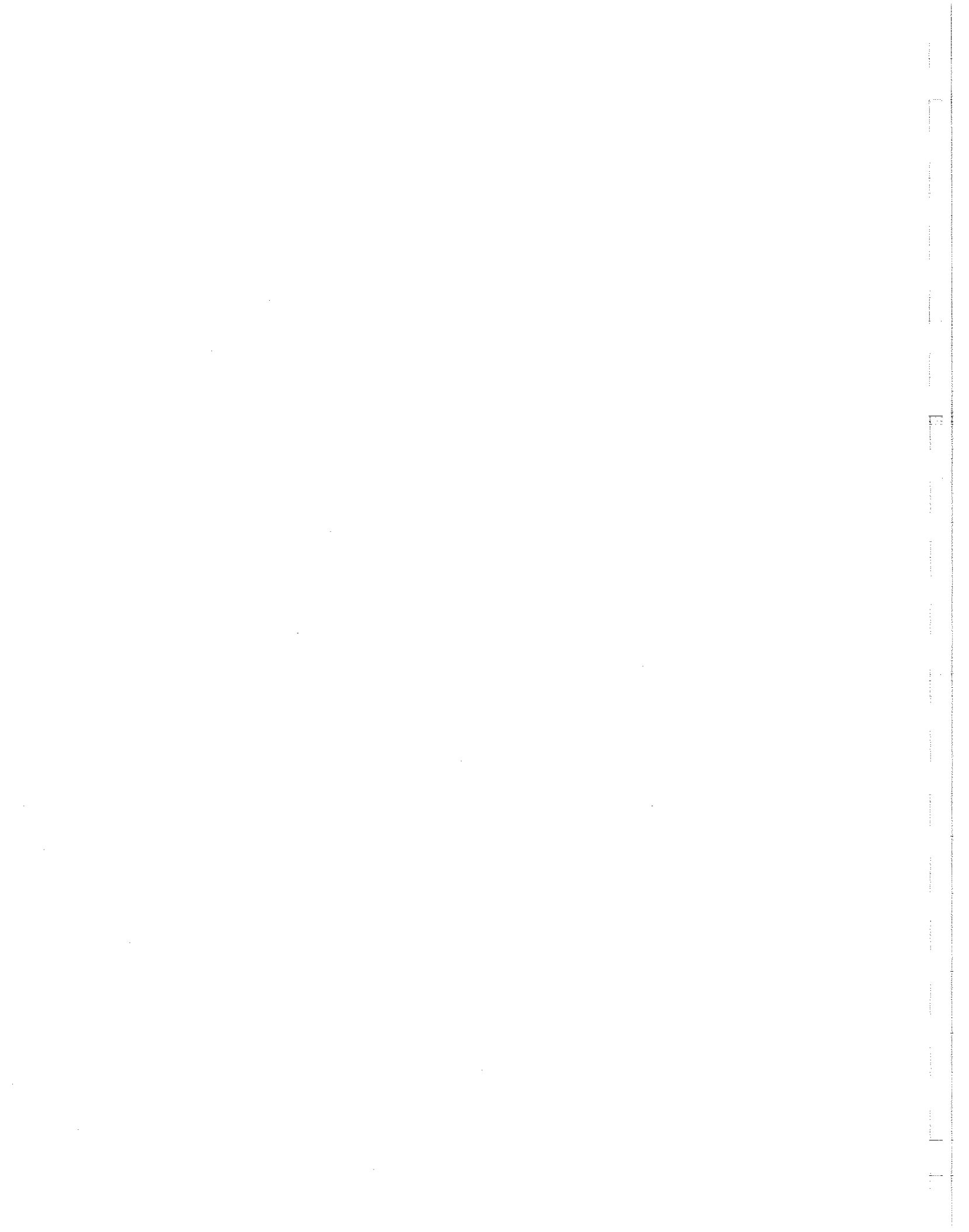
Conclusion – Response accepted.

- 06-III-B Questionable Expenditures – We noted no expenditures that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.

- 06-III-C Travel Expense – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.

- 06-III-D Business Transactions – No business transactions between the County and County officials or employees were noted.

- 06-III-E Bond Coverage – Surety bond coverage of County officials and employees is in accordance with statutory provisions



BREMER COUNTY, IOWA  
SCHEDULE OF FINDINGS  
YEAR ENDED JUNE 30, 2006

Part III: Other Findings Related to Required Statutory Reporting (Continued)

- 06-III-F Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not. However, on December 5, 2005, the Council went into closed session but the minutes did not document the specific exemption under Iowa Code Section 21.5.

Recommendation – The minutes should include the specific exemption under Iowa Code Section 21.5 when entering closed sessions.

Response – We will include the specific exemption in future minutes.

Conclusion – Response accepted.

- 06-III-G Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the County's investment policy were noted.

- 06-III-H Resource Enhancement and Protection Certification – The County properly dedicated property tax revenue to conservation purposes as required by Chapter 455A.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with subsections (b)(2) and (b)(3).

- 06-III-I County Extension Office – The County Extension Office is operated under the authority of Chapter 176A of the Code of Iowa and serves as an agency of the State of Iowa. This fund is administered by an extension council separate and distinct from County operations and, consequently, is not included in Exhibits A or B.

Disbursements during the year ended June 30, 2006 for the County Extension Office did not exceed the amount budgeted.

